

CRANFIELD UNIVERSITY

Pietro Micheli



AN ORGANISATION THEORY  
PERSPECTIVE OF PERFORMANCE  
MEASUREMENT SYSTEMS IN  
PUBLIC SECTOR  
ORGANISATIONS

School of Management

MRes Dissertation

ProQuest Number: 10832243

All rights reserved

INFORMATION TO ALL USERS

The quality of this reproduction is dependent upon the quality of the copy submitted.

In the unlikely event that the author did not send a complete manuscript and there are missing pages, these will be noted. Also, if material had to be removed, a note will indicate the deletion.



ProQuest 10832243

Published by ProQuest LLC (2018). Copyright of the Dissertation is held by Cranfield University.

All rights reserved.

This work is protected against unauthorized copying under Title 17, United States Code  
Microform Edition © ProQuest LLC.

ProQuest LLC.  
789 East Eisenhower Parkway  
P.O. Box 1346  
Ann Arbor, MI 48106 – 1346

CRANFIELD UNIVERSITY

School of Management

MRes Dissertation

Academic Year 2003-2004

Pietro Micheli

AN ORGANISATION THEORY PERSPECTIVE  
OF PERFORMANCE MEASUREMENT  
SYSTEMS IN PUBLIC SECTOR  
ORGANISATIONS

Supervisor: Dr Mike Kennerley

27 August 2004

This thesis is submitted in partial fulfillment of the requirements for the  
Degree of Master of Research in Management Research

© Cranfield University, 2004. All right reserved. No part of this publication may be  
reproduced without the written permission of the copyright holder.

## **ABSTRACT**

This dissertation presents a systematic review of the literature (SLR) about the use of two organization theories (OT) - new institutional and resource dependence – in the study of performance measurement (PM) in public sector organizations.

The SLR confirmed the findings of a scoping study, namely that two categories of papers exist in this field – theoretical and applied. The majority of papers are applied: they address primarily the practical aspects of PM, but often lack a strong theoretical grounding. Theoretical contributions, on the other hand, rarely deal with practical aspects and the authors seem unconcerned about the relevance of their studies to practitioners.

Nevertheless, it is believed that, by creating new knowledge that is firmly grounded in theory and at the same time relevant to practice, it is possible to bridge the gap between the two bodies of literature and further the knowledge of this field. Furthermore, this dissertation shows that the subject of PM could strongly benefit from the use of the two suggested theories, which, despite their dissimilarities, could be conjointly used.

The systematic character of the review means that transparency and traceability to the researcher's decisions and criteria is maintained. The SLR proved to be very relevant in relation to the researcher's wider subject of interest - the examination of the interactions between institutions and public sector organizations belonging to the same organisational field in the development of PM systems. In this sense, very significant themes emerged from the material included in the SLR. These include the types of strategic responses to institutional pressures and the importance of various concepts drawn from the two bodies of literature, e.g. efficiency, effectiveness, legitimacy, isomorphism, loose coupling, institutionalization and power. Finally, interesting reflections were identified regarding research methods, methodologies and levels of analysis.

## **ACKNOWLEDGEMENTS**

I would like to thank all the people who helped me during this project.

First of all, I would like to acknowledge the contributions received by my supervisor, Dr Mike Kennerley. In addition my thanks to Dr. Steve Mason and all the people working at the Centre for Business Performance at the Cranfield School of Management. I would also like to thank the academics who helped develop and structure my ideas, particularly Dr David Denyer, Dr Silvyia Svejenova, Prof. Chris Skelcher and Prof. Tony Bovaird. I received great support in this sense also from my PhD colleagues, particularly Adrian Edelman, Jonathan Lupson, Deirdre Anderson and James Collins. Last, but surely not least, great gratitude goes to my family and friends for their unconditioned love, moral support and positive vibrations.

# TABLE OF CONTENTS

ABSTRACT	1
ACKNOWLEDGEMENTS	2
TABLE OF CONTENTS	3
NOTATION	5
INDEX OF TABLES AND FIGURES	6
<b>PART I – INTRODUCTION</b>	<b>7</b>
1.1 OVERVIEW	7
1.2 STRUCTURE OF THE DISSERTATION	8
1.3 PERFORMANCE MEASUREMENT	9
1.3.1 Performance measurement in the public sector	10
1.3.2 Two different kinds of approaches	13
1.4 ORGANISATION THEORIES AND PERFORMANCE MEASUREMENT	14
1.4.1 New Institutional Theory	14
1.4.2 Resource Dependence Theory	16
1.4.3 New Institutional and Resource Dependence Theory	17
1.5 PUBLIC SECTOR	18
1.6 RATIONALE FOR THIS DISSERTATION	19
<b>PART II – METHODOLOGY</b>	<b>21</b>
2.1 OVERVIEW	21
2.2 THE SYSTEMATIC REVIEW	21
2.3 THE INITIAL PROTOCOL	21
2.3.1 Consultation process	22
2.3.2 Search strategy – Search terms, Databases and Process	23
2.3.3 Selection and Quality Assessment Criteria	25
2.3.4 Data extraction and synthesis	26
2.4 THE FINAL PROTOCOL	27
2.4.1 Final Selection and Quality Assessment Criteria	28
2.4.2 Data Extraction and Synthesis	29
2.5 RESULTS	30
2.5.1 Selected material	30
2.5.2 Sub-sectors	34
2.5.3 Methods	34

<b>PART III – THEMES</b>	<b>36</b>
3.1 OVERVIEW	36
3.2 TWO BODIES OF LITERATURE	37
3.2.1 Use of theories	39
3.2.2 New Institutional Theory	41
3.2.3 New Institutional and Resource Dependence theory	41
3.2.4 Network theory	44
3.2.5 Further reflections	45
3.3 PERFORMANCE MEASUREMENT	45
3.4 PUBLIC VS. PRIVATE	47
3.5 LEVEL OF ANALYSIS	48
3.6 METHODOLOGIES AND METHODS	49
3.7 STRATEGIC RESPONSES TO INSTITUTIONAL PRESSURES	50
3.8 EFFICIENCY, EFFECTIVENESS AND LEGITIMACY	54
3.9 LOOSE COUPLING	57
3.10 INSTITUTIONALIZATION, POWER AND CONFLICTING RATIONALITIES	59
3.11 ISOMORPHISM	60
<b>PART IV – CONCLUSIONS</b>	<b>62</b>
4.1 RELEVANCE OF THIS DISSERTATION	62
4.2 MAIN FINDINGS	63
4.3 STARTING TO BRIDGE THE GAP	65
4.4 POSSIBILITIES FOR FURTHER RESEARCH	66
4.5 LIMITATIONS, PERSONAL REFLECTIONS AND FURTHER STEPS	68
<b>PART V - APPENDICES</b>	<b>70</b>
1 - REFERENCE LIST	71
2 - JOURNAL SOURCE OF INCLUDED ARTICLES	77
3 - JUSTIFICATION FOR THE CHOICE OF SEARCH STRINGS	78
4 - JUSTIFICATION FOR THE CHOICE OF DATABASE	81
5 - CRITICAL APPRAISAL TOOL	85
6 - DATA EXTRACTION TOOL	87
7 - EXTENSIVE DEFINITIONS	88
8 - INCLUDED MATERIAL – DESCRIPTIVE ANALYSIS	98

## NOTATION

A number of abbreviations are used in the text. These are set out below:

GAAP	Generally accepted accounting principles
GAO	General Accounting Office
KPI	Key performance indicator
NPM	New Public Management
OT	Organization theory
PI	Performance indicator
PM	Performance measurement
PMS	Performance measurement system
PSO	Public sector organization
SLR	Systematic literature review
TQM	Total quality management



## INDEX OF TABLES AND FIGURES

Table 1: Systematic Review stages and phases	21
Table 2: Academics and practitioners involved in the review	22
Table 3. Keywords	23
Table 4: Inclusion criteria	24
Table 5: Exclusion criteria	24
Table 6: Final inclusion criteria	27
Table 7: Final exclusion criteria	27
Table 8: Keyword search results	29
Table 9: Keyword search – Three stages	30
Table 10: Number of articles and books before the selection criteria	30
Table 11: Results - Inclusion, exclusion and quality criteria	31
Table 12: Quality assessment of the articles reviewed	32
Table 13: Comparison of new institutional and resource dependence perspectives	41
Table 14: Journal source of included articles	76
Table 15: Performance Measurement – Keywords	77
Table 16: Public Sector – Keywords	78
Table 17: New Institutional and Resource Dependence Theories – Keywords	78
Table 18: Groups of keywords	79
Table 19: Pilot searches	79
Table 20: Scoping study - list of journals	81
Table 21: Scoping study – Journal inclusion in databases	83
Table 22: Critical appraisal tool	85
Table 23: Descriptive analysis of included material	87
Fig.1: Articles/books selected	30
Fig.2: Sub-sectors	33
Fig.3: Methods employed	34

# **PART I - INTRODUCTION**

## **1.1 OVERVIEW**

Over the last twenty years the field of Performance Measurement (PM) has been the focus of considerable attention from academics and practitioners alike. Many of the initial studies about performance measurement have been carried out in the private sector, but in recent years a substantial number has emphasized the importance of performance measurement and management in Public Sector Organisations (PSO). Furthermore, following the so-called crisis of welfare systems and the introduction of New Public Management reforms, governments have shown growing interest in this issue, which has been also the focus of enormous media attention.

This dissertation presents a systematic review of the literature about the application of two organization theories - new institutional and resource dependence – to performance measurement, with particular reference to public sector organizations. The systematic literature review that has been carried out on this topic has provided understanding of how these theories have been applied and identifying the main gaps, namely how the two OT could be used to increase the comprehension of several issues regarding performance measurement, specifically in public sector organizations.

The focus of the review was mainly determined by a scoping study performed by the researcher and by suggestions coming from both academics and practitioners involved in the subject of PM. The literature in this area, in fact, seems to be divided into two main parts. The majority of articles deal mainly with practical aspects and are directed towards improving and refining performance measurement systems and techniques, designing better indicators, incentive contracts, information systems etc. The other stream of literature, consisting of the so-called alternative approaches, deals predominantly with purely theoretical issues and relatively little research has been carried out to bridge the gap between the two bodies of literature.

The authors who have attempted to achieve this integration have mostly used organization theories, such as new institutional and resource dependence. These two perspectives show substantial dissimilarities and specificities and have been used to explain different aspects of PM. New institutional theory has directed attention to the importance of symbolic aspects of organisations and their environments. From this point of view, PM has been considered as implicated in the social construction of reality rather than as being passively reflective of the reality as depicted in more traditional approaches. Resource dependence theory has traditionally focused on what resources and activities are critical to the organisation and what individuals or groups do at present, or could potentially do, to provide or affect those resources. Despite their differences, several authors have decided to conjointly use these two perspectives, emphasising their common focus on stability and legitimacy and their complementarity.

The examination of the more practitioner-focused literature performed in the scoping study has enabled identification of several issues common to all PSO that various authors have described. Nevertheless the conclusions that most authors draw are not

generic, since they fail to make remarks on a higher, theoretical level. The use of OT succeeds in overcoming this problem and greatly helps to achieve a deeper understanding of the subject of PM in PSO.

The researcher's actual subject of interest, which, despite its importance, has not been studied in sufficient depth, is the examination of the interactions between institutions and PSO belonging to the same organisational field in the development of Performance Measurement Systems (PMS). In this respect, new institutional and resource dependence theories seem particularly suitable, since they have been often used to perform studies specifically on an organisational field level.

## **1.2 STRUCTURE OF THE DISSERTATION**

This dissertation consists of five main parts. The first presents and describes the three "pillars", which the dissertation is based on: performance measurement, organization theory (new institutional and resource dependence), and public sector. The purpose of this first part is to review, summarise and discuss the main issues identified while carrying out the scoping study. To achieve a better understanding of the subject of performance measurement in public sector organisations, both empirical and theoretical types of issues are examined. Finally, the rationale for the systematic review presented in this dissertation is provided.

In the second part the main issues concerning the SLR are presented. First, the main features of the systematic review process are briefly described. Subsequently, the SLR protocol, as presented to the academic review panel, is reported; all the alterations, following the suggestions coming from the panel and the application of the protocol, can be found in the third section. In the last one the overall results of the search, selection, and quality assessment stages are described, and information regarding the sub-sectors the authors focused on and the methods they used is provided as well. This protocol facilitated a literature review, which has been systematic, transparent and replicable by other researchers (Tranfield, Denyer and Smart, 2003).

The third part of the dissertation concerns the themes that have been found through the systematic review process. These themes have emerged from the articles and books that passed the selection and quality criteria of the SLR. Although different themes have been identified, they are all interrelated. The first five to be presented regard general aspects of the literature; the following five concern more specific issues that emerged while performing the SLR.

In the fourth part several reflections are made, following the insights gained through the systematic review of the literature. First of all, the relevance of this SLR is clearly stated, particularly regarding other reviews and the researcher's wider subject of interest. Second, the main findings of this review are summarized, following the discussion of the different themes identified in part III. Third, an attempt to bridge the gap between "theoretical" and "applied" bodies of literature is made. In so doing, it will be possible to better understand the relevance of new institutional and resource dependence theory in the subject of performance measurement in the public sector.

Fourth, drawing on the papers reviewed, various possibilities for further research are proposed. Finally, the main limitations of this SLR and some personal reflections on the kind and role of this literature review in the researcher's wider PhD research are briefly exposed.

The final part consists of eight appendices. In the first the comprehensive list of references is presented. Subsequently, the list of journals the included material belongs to is reported. Appendix 3 and 4 provide, respectively, a justification for the choice of search strings and for the choice of database. In the following two the critical appraisal tool and the data extraction tool are presented. Appendix 7 reports the most significant definitions found in the articles and books included in the systematic review. Finally, all of the articles and books included in the review are listed. In particular, for each of them, the name of the authors and the date of publication, the type of article/book, the way it has been selected, its main focus, and the main findings are presented.

### **1.3 PERFORMANCE MEASUREMENT**

Over the last twenty years the field of Performance Measurement (PM) has been the focus of considerable attention from academics and practitioners alike. Recent research has shown that new reports and articles on this topic have been appearing at a rate of one every five hours of every working day since 1994 (Neely et al., 2002). Although performance measurement is an often-discussed topic, rarely is it possible to find accepted definitions and homogeneous terminology.

A recent extensive literature review (Franco-Santos et al., 2004) shows that PMS definitions could be classified according to three main characteristics:

- 1- The roles they imply/refer to: strategy (formulation, execution, focus on investments/monitor of progress), behaviour (guide to management action, management control, compensation, internal communication), external validation (external communication, benchmarking, legal reasons);
- 2- The management perspectives they come from (operations management, information systems, strategic control, human resources and organisational behaviour, management accounting and control);
- 3- The elements they refer to (processes, systems, features, purposes, dimensions of performance, related processes).

To date, one of the most widespread definitions of PMS has been formulated by Neely (1998), who found that performance measurement systems consist of three inter-related elements:

- 1- Individual measures that quantify the efficiency and effectiveness of actions;
- 2- A set of measures that combine to assess the performance of an organisation as a whole;

- 3- A supporting infrastructure that enables data to be acquired, collated, sorted, analysed, interpreted and disseminated.

Regarding specific performance measurement frameworks, the most successful in the last decade has certainly been the Balanced Scorecard (Kaplan and Norton, 1992; Kaplan and Norton, 1996): research suggests, in fact, that 60 percent of Fortune 1000 companies have experimented with the Balanced Scorecard (BSC) (Silk, 1998) and this number is still growing.

Apart from the BSC, other frameworks are being adopted by a growing number of companies: these include the Performance Prism (Neely, Adams and Kennerley, 2002), the Performance Pyramid (Lynch and Cross, 1990), the business excellence model etc. Moreover, the recognition of non-financial and intangible assets has led to the development of various frameworks, which address this evermore-important area (Roos, Edvinsson, Roos, and Dragonetti, 1997; Lev, 2001).

### **1.3.1 Performance measurement in the public sector**

Most of the initial studies about performance measurement have been carried out in the private sector, but in recent years a substantial number of them has emphasized the importance of performance measurement and management in Public Sector Organisations (PSO). Governments have demonstrated growing interest in this issue, which has also been the focus of great attention by the media. Globally governments are using performance targets and league tables in the attempt to push through modernization programs and demonstrate that value for taxpayers' money is being delivered.

In the last two decades, in fact, in what has become known as the "new public sector" or the "New Public Management" (NPM), many services in advanced economies, such as those of Anglo-Saxon countries and Scandinavia, have come under pressure to become more efficient and effective, so as to reduce their demands on taxpayers, while maintaining the volume and quality of services supplied to the public. To achieve this, they have been subjected to the introduction of various 'private sector' management techniques and the frequent adoption of some form of neo-market system in which the purchasers and providers of public services have been split and are frequently required to contract with each other (Brignall and Modell, 2000).

Therefore, the reforms that have been introduced have put great emphasis on agency performance, customer focus, stakeholder's interests and other methods of assessment (Kouzmin, Loffler, Klages, and Korac-Kakabadse, 1999).

A literature review of the empirical issues related to PM in PSO allowed five main areas of interest currently examined by both academics and practitioners to be defined:

- 1- The purposes, characteristics and uses of the organisation's PMS;
- 2- The role of stakeholders, especially in the phase of PMS design;

- 3- The existence of benchmarking within or without a certain organisational field;
- 4- The balance between internal and external (mandatory) measures;
- 5- The satisfaction related to the PMS and the trade-off between costs and benefits.

The first area of interest includes the examination of:

- a) The relationship between PM, organisational mission and strategy (Berman, 2002, Behn, 2003; McAdam and Bailie, 2002);
- b) The adequacy of the Information System in place (Berman and Wang, 2000; Chen and Perry, 2003; Fuller and Roffey, 1993; Halachmi and Bouckaert, 1994);
- c) The competencies and training of people involved in the measurement of performance (Birkett, 1992);
- d) The level of commitment of managers in the development of a PMS (Bourgault and Tremblay, 1994; Hennessey, 1998).

The second consists of issues, such as:

- a) The involvement of the organisation (or the people responsible of PM) in setting the objectives (De Lancer Julnes and Holzer, 2001);
- b) The effects of public sector reforms on the PMS and/or modification of the indicators to be measured (McKevitt and Lawton, 1996);
- c) The impact of the collected data on the political debate (Smith, 1995; Stewart and Walsh, 1994);
- d) The number of stakeholders and regulators that influence the organisation (Hood, James, Jones, Scott, and Travers, 1998);
- e) The role of the citizen/customer's preferences in developing the PMS (McKevitt, Millar and Keogan, 2000);
- f) The difficulties encountered in designing measures (Di Francesco, 1999; Dobbmeyer, Woodward and Olson, 2002; Propper and Wilson, 2003);
- g) The actual quantification of the service delivered (Heinrich, 2002).

The third comprises:

- a) The communication between the organisation and other organisations/companies about PM and how much this communication is promoted internally (Ammons, 1995, 1999; Bowerman, 1995);

- b) The spread of (best/better) practices among PSO within or without an organisational field (sub-sector) and the possibility of cross-national comparisons and spread of practices (Christensen and Yoshimi, 2001; Eshima, Katayama and Ohno, 2001; Rubienska and Bovaird, 1999);
- c) The possibility to apply lessons learned in the private sector (Poister and Van Slyke, 2002); (IV) the possibility to have benchmarking within and without an organisational field (Kouzmin et al., 1999).

The fourth area of interest includes the examination of:

- a) Measures or Key Performance Indicators (KPIs) designed internally in comparison to mandated ones (Sanderson, 2001; Usher, Locklin, Wildfire and Harris, 2001; Wiggins and Tymms, 2002);
- b) The internal support and the level of agreement on the development of the PMS (Streib and Poister, 1999);
- c) The involvement of the organisation as a whole in the process of regulations and KPIs setting and the change of measures and targets during time (i.e. change of the whole measure, change of target, change of people involved etc.) (Van Peurse, Pratt and Lawrence, 1995);
- d) The involvement and motivation of employees during the development of the PMS, and the frameworks and guidelines the organisation has recently had to adopt/comply with (Best Value, Investors in People, GPRA etc.) (Hoggett, 1996; Hyndman and Eden, 2002; Johnsen, 1999; Keenan, 2000; Martin and Davis, 2001).

Finally, both academics and practitioners have looked at issues like:

- a) The impact of the PMS on the organisation in terms of efficiency, effectiveness, transparency and accountability (Boyne, Gould-Williams, Law and Walker, 2002);
- b) The quantification of costs associated to PM and of benefits in relation to costs (Cavalluzzo and Ittner, 2003; Grant, 1990; Halachmi, 2002; Hood et al., 1998);
- c) The perceived benefits and the satisfaction with the PMS (Kelly and Swindell, 2002);
- d) The use of the collected data (Jackson, 1993; Propper and Wilson, 2003);
- e) The perceived usefulness of the PMS for the organisations and the employees (Hirschmann, 2002).

### 1.3.2 Two different kinds of approaches

This extensive review of the literature provided understanding of how broad the subject of PM in PSO is and identified the previously described issues. On the other hand, the scoping study showed how contributions in the PM field are of two main kinds: articles concerned mainly with practical aspects and papers that deal predominantly with purely theoretical issues.

The examination of the content of the papers, as well as the references used by the authors, clearly illustrates the existence of two bodies of literature that few academics have succeeded in bridging in the past. The so-called “traditional approaches” have focused on PM procedures and techniques that could improve the efficiency and the effectiveness of organizations. “Traditional approaches are problem driven and directed towards improving and refining the instrument that is management accounting to better serve exogenously given organizational goals and thus somewhat narrow in focus. Designing better costing procedures, incentive contracts, information systems to account for processing biases, and so on, are examples of the problem-driven nature of mainstream management accounting research” (Covaleski, Dirsmith and Samuel, 1996: 28).

Meanwhile, the “alternative approaches”, following organisational and sociological theories, have considered performance measurement and accounting as social practices rather than techniques. “Political events and ideologies, cultural norms and forces, social patterns of interaction and societal presuppositions, technological changes and subjective meanings that impel people to act in certain ways, all potentially impinge on the roles and nature of management accounting. It is in this manner that a different light is shed on the role and nature of management accounting practices by the research which draws from organizational and sociological theories” (Covaleski, Dirsmith and Samuel, 1996: 28).

Furthermore, the first kind of approach has looked at the individual decision-maker or information processor within the organization, whereas the second has taken into account inter-organisational and sociological perspectives, situating performance measurement within the context of social life in general. As Dacin (1997: 47) stated: “organizations are inextricably embedded in a dynamic system of interrelated economic, institutional, and ecological processes”.

Most of the academics, who have studied performance measurement, but not from a practitioner point of view, have used Organisation Theories as “lenses” to examine this subject. Among the different OT, two in particular - new institutional theory and resource dependence theory – are more suitable to inform the PhD research topic, namely the examination of the interactions between institutions and PSO, belonging to the same organisational field, in the development of PMS. These two OT, in fact, have often been used to perform studies on an organisational field level (see the next sections for further discussion).

In the next section a brief overview of new institutional and resource dependence theory (first separately and then conjointly) is provided. These general descriptions form the



theoretical basis of the dissertation; in the third part further details are provided, as well as more empirical findings identified through the systematic literature review.

## **1.4 ORGANISATION THEORIES AND PERFORMANCE MEASUREMENT**

In the next three chapters the general characteristics of two organization theories – new institutional and resource dependence – are presented and their conjoint use is considered. Although the relevance of these theories in the study of performance measurement in the public sector is exposed, more details in this sense are provided in part III, where the contributions of the papers included in the systematic review are reported.

### **1.4.1 New Institutional Theory**

The description of the main features and concepts of new institutional theory is certainly not easy to provide. First of all, since in the literature the phrase (new) institutional theory is often used to connote different theoretical perspectives and traditions, a clear statement about what is meant in this dissertation by this phrase is required. In order to do this, the researcher makes use of the analysis performed by Richard Scott (2001). Scott, describing the different contributions in “neoinstitutional organization theory” (as opposed to the earlier “institutional organization theory” of Selznick, Parsons, and the Carnegie School), identified three main types of approaches:

- 1- Neoinstitutional theory in economics (transaction cost economics; evolutionary economics);
- 2- Neoinstitutional theory in political science (historical institutionalism; rational choice theory);
- 3- Neoinstitutional theory in sociology, with its theoretical roots in cognitive theory, phenomenology and cultural studies, and ethnomethodology.

Substantial differences exist both between and within the different approaches. Nevertheless, the ambiguity in the terminology may lead to substantial confusion, i.e. “institutional theory” can be used to allude to each one of them, and the phrases “neoinstitutional theory”, “new institutional theory”, “new institutionalism”, “institutional theory”, “institutional sociology”, and “institutionalism” are used interchangeably in the literature to refer to the third approach - neoinstitutional theory in sociology.

In this dissertation, although the terminology, due to the use of quotes, might vary, the approach to be considered will always be “neoinstitutional theory in sociology” as described by Scott (2001).

The first contributions concerning new institutional theory were published in the mid-1970s and, since then, this OT has generated much interest and attention among scholars. Recently, new institutional theory has been indicated as the leading perspective among organizational sociologists in the United States (Mizruchi and Fein, 1999). The first articles dealt mainly with the structure of organisations, the interactions between organisations belonging to the same field, and their ability to survive. Early new institutionalists, in fact, paid particular attention to the similarities between organisations and to the process of institutional definition, or “structuration” that leads to the definition of an organisational field, namely “a set of organisations that, in the aggregate, constitute a recognized area of institutional life” (DiMaggio and Powell, 1983: 148). These authors argued that, once a field emerges, the organisations belonging to it are subject to a process of homogenization that can be explained through the concept of isomorphism. In this sense, DiMaggio and Powell (1983) defined three mechanisms of institutional isomorphic change: (1) coercive, which stems from political influence and the problem of legitimacy; (2) mimetic, resulting from standard responses to uncertainty; (3) normative, associated with professionalization.

In contrast to the traditional focus on efficiency and effectiveness, new institutionalists explained the behaviour of firms through the concepts of ceremonial conformity and legitimacy, which are often at odds with practical activity. In this context, legitimacy can be defined as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995: 574). According to early new institutionalists, the achievement of legitimacy is the way in which organisations ensure their survival. In their view, a stable solution between the need to support the so-called “institutional myths” and the requirements of practical activity consists of maintaining the organisation in a loosely coupled state. This involves building gaps between formal structures and actual work activities (Meyer and Rowan, 1977). As Covaleski and Dirsmith (1988: 563) stated, “an organisational survival requires it to conform to social norms of acceptable behaviour as much as to achieve high levels of production efficiency”.

More recent contributions in new institutional theory have moved partly away from the idea of legitimacy as the dominant factor that drives the action of organisations and from the passivity of behaviour of managers that look to industry norms, firm traditions and management fads to formulate their strategies, without making really autonomous decisions (Oliver, 1991). Contradicting Meyer and Rowan’s view concerning the relationship between formal structures and organisational efficiency, some new institutional theorists have looked at the lack of coupling between goals and performance indicators (PIs) as a sign of system failure (Modell, 2003).

However, the greatest merit of new institutional theorists is that they have directed attention to the importance of symbolic aspects of organizations and their environments. “Until the introduction of institutional conceptualizations, organizations were viewed as being shaped largely by their technologies, their transactions, or the power-dependency relations growing out of such interdependencies. Environments were conceived of as task environments. [...] While such views are not wrong, they are clearly incomplete. [...] [New institutional theorists] reflect and advance a growing awareness that no organization is just a technical system and that many organizations are not primarily

technical systems. All social systems, hence all organizations, exist in an institutional environment that defines and delimits social reality” (Scott, 1987: 507).

Performance measurement, then, is seen as being implicated in the social construction of reality rather than as being passively reflective of the reality as depicted in contingency theory and its predecessors (Covaleski, Dirsmith and Samuel, 1996). Through a new institutionalist approach, Modell (2003: 335) argues, “we direct greater attention to the dynamic interplay between more or less competing interests in the structuration of an organizational field and how this impinges on the development of PM”.

Specifically regarding PM in PSO, Scott (2001: 165) claims, “organizations that operate within or are more closely aligned with the public sector are more likely to be responsive to institutional pressures, particularly legal and regulatory requirements”. Referring to the influence of regulatory bodies on PSO, the proliferation of indicators and lack of coupling to clearly stated goals is seen by new institutionalists as “a natural response to the need to provide information to a broad range of constituencies with vaguely defined and occasionally conflicting interests” (Modell, 2003: 334).

### **1.4.2 Resource Dependence Theory**

Pfeffer and Salancik established the bases of resource dependence (or “resource dependency”) theory in the late 1970s and their work is still quoted by the majority of academics who refer to this perspective. Resource dependence theory examines what “resources and activities are critical to the organization and what individuals or groups do at present, or could potentially, provide or affect those resources” (Pfeffer and Salancik, 1978: 84).

In this sense, organisational attempts to manage and avoid dependencies focus on two major components of inter-organisational power: (1) the focal organisation’s dependence on important critical resource exchanges; (2) the control that other organisations might possess over the exchange of that resource. The environment is another fundamental concept, together with the ones of power and critical resources. ““Environment” is not only a given to be avoided, absorbed, or accepted. It is itself the dynamic outcome of the actions of many formal organizations seeking their own interest” (Pfeffer and Salancik, 1978: 190).

Unlike agency theory, which focuses on how scarce resources are allocated in an organisation and how employees can be motivated to maximize resource allocation objectives, the resource dependence perspective focuses on problems associated with the acquisition of financial resources from the environment to understand the behavior of individuals within a given organisation (Carpenter and Feroz, 2001).

Regarding the subject of performance measurement, PMS and budgeting have been considered as closely linked with power, self-interest and political advocacy in contemporary organisations. “More specifically, self-interest and internal power and politics, actively expressed, for example, through budgeting systems, have been found to play heightened roles during periods of organizational decline in terms of resource allocation decisions made within organizations, possibly so that the organization

maintains some semblance of subunit harmony (Hackman 1985; Hills and Mahoney 1978; Gray and Ariss 1985). In addition, not only do organizations appear to use budgeting in a political mode to allocate resources internally, but the visibility of these internal budgetary allocations to external constituents also appears to influence the generation of resources (Hackman 1985)” (Covaleski, Dirsmith and Samuel, 1996: 13).

Regarding interdependence and the acquisition of critical resources, the public sector certainly has specific characteristics that make it different from the private. Political decision makers, for example, most often do not directly experience the consequences of their actions (Pfeffer and Salancik, 1978).

Although both new institutional and resource dependence theory seem to be very relevant in the study of PM in public sector organisations, it seems that the latter perspective has been used very little in this sense.

### **1.4.3 New Institutional and Resource Dependence Theory**

In the previous chapters the main features of the two theories have been briefly described. By comparing them, it is possible to understand how they significantly differ in some of their characteristics. To briefly summarise, it can be said that, “while new institutional theory focuses more on reproduction and imitation, resource dependence theory states that organizational stability is achieved through the exercise of power, control, or the negotiation of interdependencies for purposes achieving a predictable or stable inflow of vital resources and reducing environmental uncertainty” (Oliver, 1991: 149). Furthermore, the two theories “have attributed different degrees of resistance, activeness, and self-interest awareness to the behaviour of organisations responding to external constraints and demands” (Oliver, 1991: 149).

Despite these differences, several authors have decided to use them conjointly, emphasising their common focus on stability and legitimacy and their complementarity. The theoretical arguments related to the resource dependence perspective, in fact, can be viewed as particular forms of coercive isomorphic pressures. Carpenter and Feroz (2001) supported this argument while focusing on public sector issues. “Resource dependence results in coercive isomorphic pressures for change, which can be a dominant factor in influencing a government's choice of accounting practices. Thus, the theoretical arguments related to the resource dependency perspective represent a particular form of coercive isomorphic pressures” (Carpenter and Feroz, 2001: 573).

Concerning the conjoint use of the two OT, one article (Oliver, 1991) in particular is seminal. Oliver was the first author to combine the two theories and this article constitutes a watershed between older and more recent contributions in the field of new institutionalism. In this paper, a framework regarding strategic responses to institutional processes was formulated. In contrast to most institutional theorists, Oliver did not assume organisations' responses to be invariably passive, but also active and resistant to institutional pressures and expectations. The author identified and described different types of strategic responses (acquiescence, compromise, avoidance, defiance and manipulation) and then formulated various hypotheses, which have been used as bases of several studies conducted by other authors, but have been just partially tested.

## 1.5 PUBLIC SECTOR

After briefly describing the subject of performance measurement and discussing the main issues regarding new institutional and resource dependence theory, the third “pillar” of this dissertation – the public sector – will be briefly presented in this section.

Providing a definition of public sector is certainly not an easy task, given the great number of issues related to it and the continuous evolution of the three sectors – private, public and non-profit – and the relationships between them. Furthermore, a clearly stated definition of public sector was not found in either the initial extensive review, or in the material consulted during the systematic review process.

Consulting various academics, several sources were examined; a book written by Lane (1993), in particular, provides some definitions, which differ according to the focus adopted:

- 1- Public administration: “Government activity and its consequences” or “State general decision-making and its outcomes”;
- 2- Budget: “Governmental consumption, investment and transfer” or “Government consumption and investment”;
- 3- Government provision or public ownership of the means of production: “Government production”.

The author goes on to discuss these different definitions and the reasons for their existence. The public-private distinction, it is argued, is not one distinction but several. The main concepts of the public sector to be listed are six: government authority, public consumption and investment, public redistribution, government provision, public ownership, and public employment (Lane, 1993).

Another book (Ranson and Stewart, 1994) focuses on the public sector, but does not provide an explicit definition; rather, it discusses other concepts, such as: public interest, public goods, and publicness. Other authors discussed the role of the nation-state and the differences between public and private sectors (e.g. Pfeffer and Salacik, 1978). Scott (2001: 128), for instance, investigates the variety of actions that the agencies of the state can take: “granting special charters; allocating key resources, such as finance capitals or tax-free loans; imposing taxes; and exercising regulatory controls”. Nevertheless, none of these interesting sources provides a clear definition of public sector.

Many definitions can be found on the Internet. However, the majority are poorly structured or narrowly focused; the one provided by the International Monetary Fund (IMF) seems the most articulate. “Public sector: a classification drawn from sectors and sub-sectors of the System of National Accounts (SNA) classification consisting of general government and the public sub-sectors of non-financial and financial corporations. The principle of classification is that of government ownership and/or control rather than function (as in the primary classification of SNA). An important subdivision within this sector for fiscal analysis purposes is the “non-financial public

sector" comprising general government and non-financial public enterprises." However, the focus of this definition is particularly on ownership, just one of the six elements described by Lane (1993).

Regarding this dissertation, papers are included or excluded in the review also on the basis of the discussion of issues related to the public sector (cf. 2.4). In particular, if the main contribution of an article/book comes from its analysis of empirical data or from theoretical reflections on a certain sector or sub-sector, the material to be included will have to discuss cases and/or make a theoretical contribution predominantly on public sector organizations, and not on issues regarding private or non-profit ones.

Given the difficulties related to the identification of the boundaries between the three sectors, it was decided to look just at the articles that explicitly referred to public sector organizations. It should be noted how, even if the definition of public sector (as well as private and non-profit) is usually not provided, authors tend to use this phrase very widely, thus making it possible to distinguish quite easily if an author is presenting cases or reflections regarding the public sector or not. Furthermore, issues like the existence of publicly and privately owned organizations in the same sub-sector (e.g. healthcare), or privatization of organizations were not raised in the papers considered. These latter, as well as various others concerning the differences between public, private and non-profit organizations, will be dealt with by the researcher in a later stage of his PhD, namely when empirical data will be collected and analyzed.

## **1.6 RATIONALE FOR THIS DISSERTATION**

The scoping study provided an overview of the literature in the subject of performance measurement in the public sector and identified some key issues. First of all, the literature seems to consist of two almost separate bodies, corresponding to the two different kinds of approaches used by authors. On one hand, the "traditional" approach is more practitioner-focused; on the other, the so-called "alternative" is more theoretical and utilises organisational theories to investigate this topic. The latter, it is argued, provides multiple understandings of PM that are not offered by more narrowly focused analysis, which centres on individual preference and cognitive functions (Covaleski, Dirsmith and Samuel, 1996). The first type of approach has been widely discussed in the literature, but has often focused on specific situations drawing rarely generalisable conclusions and without using any theory to explain practices and behaviours. The second type of approach, in contrast, has overcome these problems mainly through the use of OT, but has often made remarks on too theoretical a level.

Secondly, the studies the researcher looked at in the scoping study stage focused mainly on the imposition of performance indicators by the State, regulatory bodies and higher level organizations (in short, institutions (Scott, 2001)), rather than pro-active choices performed by managers. This led to more explicit consideration of the interaction between public sector organizations and regulatory bodies, namely the way organizations respond to institutional pressures in the development and use of performance measurement systems.

The researcher's previous knowledge, mainly rooted in the "practitioner-focused" type of approach, the willingness to bridge the two bodies of literature, the interest in the interactions between PSO and institutions, and the particular relevance of the two OT in this sense drove the choice of the subject of the systematic literature review. The investigation of the use of new institutional and resource dependence theory in the field of PM in PSO could allow an understanding of how these two theories have been used, what are their possible uses (i.e. how they can enrich the understanding of certain phenomena), and what are the main research gaps.

This dissertation will surely inform the overall PhD research, which focuses on the nature of institutional (political) pressures on organisations belonging to the same field, their effect on the development of performance measurement systems, and the strategic responses enacted by public sector organisations. The dissertation will also contribute to bridging the gap between the practitioner-focused and the theoretical bodies of literature. Finally, relevant insights in terms of methodology, research level of analysis, and differences between organizational fields are also expected to emerge in this process.

## **PART II - METHODOLOGY**

### **2.1 OVERVIEW**

In this part the main issues concerning the systematic review are presented. First, the main features of the systematic review process are briefly described. Subsequently, the protocol, as presented to the academic review panel, is reported; all the alterations, following the suggestions coming from the panel and the actual use of the protocol, can be found in the third section. In the last chapter the overall results of the search, selection, and quality assessment stages are described, and information regarding the sub-sectors the authors focused on and the methods they used is provided as well.

### **2.2 A SYSTEMATIC REVIEW OF THE LITERATURE**

A literature review is “the selection of available documents (both published and unpublished) on the topic, which contain information, ideas, data and evidence written from a particular standpoint to fulfill certain aims or express certain views on the nature of the topic and how it is to be investigated, and the effective evaluation of these documents relation to the research being proposed” (Hart, 1998: 13).

Cranfield School of Management has recently adopted a systematic review process, as described by Tranfield, Denyer and Smart (2003), in contrast to more traditional narrative reviews. It is argued that these traditional approaches “frequently lack thoroughness, and in many cases are not undertaken as genuine pieces of investigatory science” (Tranfield, Denyer and Smart, 2003: 207). They argue that the application of “scientific principles of the systematic review methodology used in the medical science to management research will help in counteracting bias by making explicit the values and assumptions underpinning a review” (Tranfield, Denyer and Smart, 2003: 208). The main attributes of the systematic literature (SLR) are: explicit protocols set upfront; possible replication; quality assessment made with clear criteria; and minimization of researcher’s bias by explanation of the values, assumptions and steps followed during the review.

The SLR process, as developed by Tranfield, Denyer and Smart (2003), has been followed throughout this review. The protocol (fig. 1) enabled a literature review, which has been systematic, transparent and replicable by other researchers to be carried out.

### **2.3 THE INITIAL PROTOCOL**

The aim of this systematic literature review was to understand the contribution of new institutional and resource dependence theories to the subject of performance measurement (PM) in public sector organisations (PSO). To achieve this goal, the protocol was structured in order to identify, review and assess all the papers and books



in which these two perspectives have been used in relation to the previously mentioned subject.

Stage 1: Planning the Review
Phase 0 - Identification for the need for a review
Phase 1 - Preparation of a proposal for a Review
Phase 2 - Development of a review protocol
Stage 2: Conducting the Review
Phase 3 - Identification of the research
Phase 4 - Selection of Studies
Phase 5 - Study quality assessment
Phase 6 - Data extraction and monitoring progress
Phase 7 - Data synthesis
Stage 3 - Reporting and Dissemination
Phase 8 - The report and recommendations
Phase 9 - Getting evidence into practice

Table 1: Systematic Review stages and phases. Source: Tranfield, Denyer and Smart (2003)

The protocol, as presented to an academic review panel, consisted of several sections in which all the main elements of the review were made explicit. In the following chapters, the initial structure of the protocol is described. First of all, the academics and practitioners to be involved in the whole process are listed. Subsequently, the keywords and search strings, sources of information, inclusion and exclusion criteria, quality assessment criteria, data extraction and synthesis processes are presented. However, more details can be found in the appendices.

### 2.3.1 Consultation process

Together with the academics that were part of the review panel, other academics as well as practitioners have been consulted before and during the review (Table 2). These academics, who were selected according to their current interests and on the basis of an actual possibility of involvement in this research, demonstrated interest and were very helpful in various situations. Suggestions of articles and books were particularly appreciated, especially given the different backgrounds of these scholars, as well as the focus of the analysis, that will also inform the PhD research at large. Moreover, two articles (Micheli and Kennerley, 2004; Micheli, Franco, Marr, and Bourne, 2004)

related to this systematic literature review were presented at two conferences and interesting feedback was received.

Supervision	Dr. Mike Kennerley (Cranfield Centre for Business Performance)
Bibliographic search and review process	Dr. David Denyer (Cranfield Advanced Management Research Centre) Mrs. Heather Woodfield (Cranfield Information and Library Services)
Academics in the field	Dr. Mark Wilcox (Cranfield Centre for Business Performance) Prof. Andy Neely (AIM - Advanced Institute of Management Research) Dr. Silviya Svejnova (Cranfield Strategic Management Group) Prof. Christine Oliver (Schulich School of Business – York University) Prof. Tony Bovaird (Bristol Business School) Prof. George Boyne (Cardiff Business School) Prof. Chris Skelcher (Institute of Local Government Studies - University of Birmingham's School of Public Policy) Prof. Barbara Townley (Edinburgh University)
Practitioners in the field	CBP Public Sector Round Table members

Table 2: Academics and practitioners involved in the review

Regarding practitioners, the Centre for Business Performance launched a Public Sector Roundtable at the end of April 2004, involving several British public sector organisations. Since the literature review dealt mainly with theoretical issues, the contributions of practitioners have not been as relevant as the academics' ones. However, the Roundtable will certainly provide valuable access to data for the researcher's PhD project.

### 2.3.2 Search strategy – Search terms, Databases and Process

The keyword search is a fundamental step in the systematic literature review: a substantial number of papers to be included in the SLR may be identified through this search. However, the material found in the scoping study, together with the articles recommended by academics working in the field and the ones found by cross checking the references are also included in the systematic review.

The keywords included in the initial version of the protocol were grouped into three sets - performance measurement, public sector, and organisation theories – reflecting the focus of this systematic literature review (Table 3).

Performance measurement	Performance measure* Performance management Performance evaluation Management control* Management accounting Accounting Control system*
Public sector	Public sector Health care Local authorit* Education
Organisation theories	Institutional* Resource Depend* Organi* theor*

Table 3. Keywords

After performing various pilot searches (more details can be found in Appendix 3), the search strings to be formulated were the following:

Search string 1: (Performance measure\* OR Performance management OR Performance evaluation OR Management control\* OR Management accounting OR Control system\*) AND (Institutional\* OR Resource Depend\*)

Search string 2: (Performance measure\* OR Performance management OR Performance evaluation OR Management control\* OR Accounting OR Control system\*) AND (Public sector OR Health care OR Local authorit\* OR Education) AND (Institutional\* OR Resource Depend\* OR Organi\* theor\*)

Subsequently, three databases, where the search strings were going to be inserted, were identified:

- a) ABI Proquest;
- b) EBSCO Business Source Premier;
- c) Science Direct

More details on the choice of databases can be found in Appendix 4.

Other information sources to be included were mainly books, if their findings had not been already exposed in the journals included in the databases. It was believed that conference papers and unpublished papers were difficult to review in a systematic way, given the cross-disciplinary nature of the topic and the limited ability to access them. In

this respect, suggestions by academics and practitioners were considered to be very helpful. Finally, the scoping study showed that the journals included in the databases were the most relevant in relation to the subject of interest; therefore, specific journal searches were not strictly required (Appendix 4).

### 2.3.3 Selection and Quality Assessment Criteria

The inclusion and exclusion criteria were formulated following the same rationale used to phrase the keywords; the papers to be included had to deal with performance measurement in public sector organisations and the authors had to adopt a new institutional and/or resource dependence point of view. In Tables 4 and 5, the inclusion and exclusion criteria, as devised in the initial protocol, are listed.

CRITERIA	RATIONALE
No restrictions regarding time frame	There is no particular reason for excluding papers on a time basis. However, the papers that will be found will have been written thirty years ago at most, given the relatively recent use of the two OT
No restrictions on a geographical basis	The stated purpose of the review is not focused on a particular geography
No methodological constraints	No particular methodology can be discarded a priori. Furthermore, the overall PhD research could greatly benefit from the examination of different approaches

Table 4: Inclusion criteria

CRITERIA	RATIONALE
Performance measurement	Articles not dealing with the subject of PM will be excluded
Program evaluation	Articles on program evaluation will be excluded, since they focus on the ex-post assessment of governmental programs and do not relate to the subject of PM
Cases belonging just to the private or non-profit sectors	The papers to be included will have to discuss cases belonging not just to the private or non-profit sectors
Theoretical perspectives other than New Institutional or Resource Dependence	All the articles to be included will have to have a theoretical standpoint, particularly New Institutional and/or Resource Dependent. Papers where the authors use just other theories (e.g. (Old) Institutional theory, Institutional theory in economics etc.) will be excluded
Institutionalism	The words “institutional”, “institutionalism”, “institutionalisation” etc. will have to be related to New Institutional Theory and not just to institutions in general

English language	Although the researcher could review studies written in other languages, the databases and most of the other sources will allow to systematically review just articles written in English
Sources	The sources of information will limit, although not in great measure, the body of literature to be taken into account

Table 5: Exclusion criteria

In the systematic approach, each paper or book, after passing the inclusion and exclusion criteria, has to be assessed on the basis of its quality. For this purpose, a Study Quality Assessment table (see Appendix 5) was structured in order to further select which papers to include; five aspects were considered: (1) Theory robustness, (2) Implications for practice, (3) Data supporting methodology, (4) Generalisability, (5) Contribution that the article made to the existing knowledge. The case in which one or more of these elements was not going to be applicable to a specific paper was also taken into account.

### 2.3.4 Data extraction and synthesis

The data extraction process concerns the papers that have met the selection and quality criteria. More specifically, the categories of information to be extracted were: citation information (author and title of the article; title of the journal, volume, part, month/season and pages); descriptive information (location, context/industry); methodological information (empirical/theoretical, methods of data collection and analysis, study characteristics/philosophical approaches); thematic information (key findings, notes on ideas, approaches and theories used). For further detail, please refer to Appendix 6.

The synthesis phase of the SLR allows the findings obtained from different sources to be brought together. This process enables classification and categorization of the data according to main characteristics and key concepts. Furthermore, it could be crucial in helping to bridge the two bodies of literature identified in the scoping study. In fact, once the contributions of new institutional and resource dependence theories are identified, it would be possible to relate them to the conclusions drawn in the more “practitioner-focused” literature. The use of the ProCite database and the identification of different themes by the researcher are the bases on which the synthesis process is going to be carried out.

## 2.4 THE FINAL PROTOCOL

The initial protocol was presented to the academic panel and received a positive feedback. Nevertheless some changes had to be made, following that consultation and the first insights from the literature review.

First of all, the search strings were modified: the difficulty to find words that could encompass all types of organizations belonging to the public sector implied the omission of any search term related to the public sector. The decision to include or exclude articles, on the basis of what kind of organizations the empirical data or theoretical reflections were referring to, was explicitly expressed in the revised inclusion and exclusion criteria.

Following the academic panel review, the final search string is the following:

(Performance measure\* OR Performance management OR Performance evaluation OR Management control\* OR Accounting OR Control system\*) AND (Institutional\* OR Resource Depend\* OR Organi\* theor\*)

This search string is the broadest one to be tested in the pilot searches (see Appendix 3).

Secondly, after carrying out the systematic search and looking at the first papers, the researcher realized that the number of articles in which performance measurement in public sector organizations was studied from a new institutional and/or resource dependence point of view was very small. Furthermore, the great majority of authors quoted predominantly theoretical material that did not necessarily deal with performance measurement, but that were crucial to understand the main concepts and constructs of the two theories. In this sense, it was decided to also look at the major theoretical articles and books found by scanning the references listed at the end of the selected studies.

Finally, as previously mentioned, performance measurement is an emergent subject of interest, no general definition is accepted and few are available. For this reason, the search string regarding performance measurement, as phrased in the initial protocol, was quite broad and allowed papers to be looked at that did not refer exactly to PM, but also to related areas, such as management accounting, budgeting, accounting, cost allocation etc. Given the scarcity of papers that explicitly referred to PM, it was decided to include articles that dealt with management accounting, budgeting and cost accounting, since these topics are related to PM. It is believed that some findings and suggestions concerning these fields could be helpful for the development of PM and that some conclusions, once adequately contextualized, could be transferred or applied to the subject of performance measurement. Therefore, papers that talked about performance measurement, performance management, management control systems, accounting control systems, management accounting and budgeting were not excluded on the basis of their content, while the ones dealing with accounting, program evaluation and performance appraisal were directly excluded, given the weaker relation between PM and these two fields of interest.

## 2.4.1 Final Selection and Quality Assessment Criteria

The databases, where the search strings were going to be inserted, were not changed. The final inclusion and exclusion criteria are presented in the tables 6 and 7, while further reflections regarding quality assessment are expressed shortly afterwards.

CRITERIA	RATIONALE
No restrictions regarding time frame	There is no particular reason for excluding papers on a time basis. However, the papers that will be found will have been written thirty years ago at most, given the relatively recent use of the two OT
No restrictions on a geographical basis	The stated purpose of the review is not focused on a particular geography
No methodological constraints	No particular methodology can be discarded a priori. Furthermore, the overall PhD research could greatly benefit from the examination of different approaches

Table 6: Final inclusion criteria

CRITERIA	RATIONALE
Performance measurement, program evaluation, performance appraisal and accounting	If the main contribution of an article/book comes from its analysis of empirical data or from theoretical reflections specifically on a certain subject, its primary focus has to be on PM or on a closely related field of interest. Material on program evaluation, performance appraisal and accounting will be excluded, since these subjects are too weakly connected to PM. Their focus, in fact, is respectively on: the ex-post assessment of governmental programs, performance from a human resource point of view, and accounting just in a financial sense.
Private and non-profit organizations	If the main contribution of an article/book comes from its analysis of empirical data or from theoretical reflections on a certain sector or sub-sector, the material to be included will have to discuss cases and/or make a theoretical contribution predominantly on public sector organizations, and not on issues regarding private or non-profit ones.
Theoretical perspectives other than New Institutional or Resource Dependence	All the material to be included will have to have a new institutional and/or resource dependent standpoint, or make a relevant contribution to issues related to those theories (e.g. definition of concepts widely used in the literature identified through the scoping study, keyword search, cross reference analysis and suggestions by academics).
Theoretical basis	Papers or books that do not have a sufficient theoretical basis will be excluded

Institutionalism	The words “institutional”, “institutionalism”, “institutionalisation” etc. will have to be related to new institutional theory and not just to institutions in general
English language	Although the researcher could review studies written in other languages, the databases and most of the other sources will allow to systematically review just articles written in English
Sources	The sources of information will limit, although not in great measure, the body of literature to be taken into account

Table 7: Final exclusion criteria

Regarding quality assessment, the Study Quality Assessment table (see Appendix 5) presented to the academic panel was not amended, but two thresholds were set in order to select articles on the basis of their content. For each of the five aspects to be considered in the quality assessment, a scale from 0 to 3 was devised and the possibility of inapplicability of any element was also taken into account.

The first threshold regards the contribution made by the paper: if the contribution is 0 or 1 (i.e. it does not make an important contribution and it is not clear the advances it makes), the paper does not pass the quality assessment criteria and it is excluded. If, on the other hand, the contribution is very high (level 3, i.e. it further develops existing knowledge, expanding the way the concept/phenomenon was explained so far), the paper is selected. This allows fundamental theoretical papers and books to be included in the review.

The second threshold concerns generalisability: a paper does not pass the quality assessment criteria if its findings are not applicable to a population larger than the one studied (level 0 or 1). This allows the exclusion of articles, for example, where the literature is reviewed, but not in an original way, and then no generalisable empirical contribution is made.

## 2.4.2 Data Extraction and Synthesis

The procedure followed to extract the data and synthesise was not changed from the one exposed in the initial protocol. The use of ProCite proved to be very beneficial to organize and summarize the articles and also to clarify their content. Furthermore, the researcher kept a methodological diary, which helped refining the various selection criteria and identifying the main themes found in the literature.



## 2.5 RESULTS

The protocol allowed the literature review process to be structured. The results obtained are summarized in this section. In particular, in the following chapters, information regarding the articles identified through the keyword search, and the number that passed the different stages of the selection is provided. Subsequently, the specific areas (sub-sectors) from which empirical data was collected from or theoretical reflections were made are listed. Finally, the methods employed in the different papers are summarized.

### 2.5.1 Selected material

The formulation of the final inclusion, exclusion and quality criteria allowed progressive selection of the articles. As previously mentioned, the papers to be considered came from the scoping study, keyword search, analysis of references and suggestions by the academics that were part of the consultation panel.

A significant number of articles was identified through the keyword search. The numbers reported in Table 8 are not the same as the ones obtained in the pilot search (Appendix 3): a slight increase was due to the difference in time (the first search was performed in March 2004, the final in May 2004), while a certain decrease was due to the inclusion of just peer-reviewed articles. In ProQuest the search was carried out on citation and abstract, limited to the “Global” database and to peer reviewed articles; in EBSCO the search was performed in the default fields, limited to the “Business Resource Premier” database and to peer reviewed papers; in Science Direct the terms were looked for within abstract, title and keywords.

Search string \ Database	ProQuest	EBSCO	Science Direct
(Performance measure* OR Performance management OR Performance evaluation OR Management control* OR Accounting OR Control system*) AND (Institutional* OR Resource Depend* OR Organi* theor*)	972	694	441

Table 8: Keyword search results

Even if the total number of articles to be looked at was high, it was lower than the sum of the results obtained for each database, since some journals are included in more than one of them. Furthermore, the titles of the articles proved to be a good source of information, since various papers could be excluded just on that basis without the risk of rejecting a relevant piece of research. Titles like “The true nature of the World Bank” and “Returns and pricing in emerging markets”, for example, clearly showed that the paper had no connection with the topic of this dissertation.

Excluding articles just on the basis of their titles and eliminating papers found in more than one database, the total number dropped to 292. All of the corresponding abstracts

were then examined and the number of papers to be printed and thoroughly read was 94. The results for each database are reported on Table 9. ProQuest was the first one to be looked at, EBSCO the second and Science Direct the third; therefore, if an article appeared in both ProQuest and EBSCO, it was considered as appearing just in ProQuest.

Database \ Stage	Keyword Search	Analysis of the title	Analysis of the abstract
ProQuest	972	201	66
EBSCO	694	59	24
Science Direct	441	32	4
Total	2107 (*)	292	94

Table 9: Keyword search – Three stages

(\*) Including overlaps between databases

During this process of preliminary selection, any overlap with the papers belonging to the scoping study was also considered. Subsequently a similar procedure was followed regarding the material suggested by academics and found by scanning the references at the end of the papers to be submitted to the inclusion and exclusion criteria. The number of papers to be read was 119: in Table 10 the total number is broken down according to sources and in Figure 1 a pie chart summarizes the results expressed in percentages.

Source	Scoping study (SS)	Panel recommendations (PR)	Cross references (CR)	Keyword Search (KS)	Total
Number of articles	39	4	9	67	119

Table 10: Number of articles and books before the selection criteria

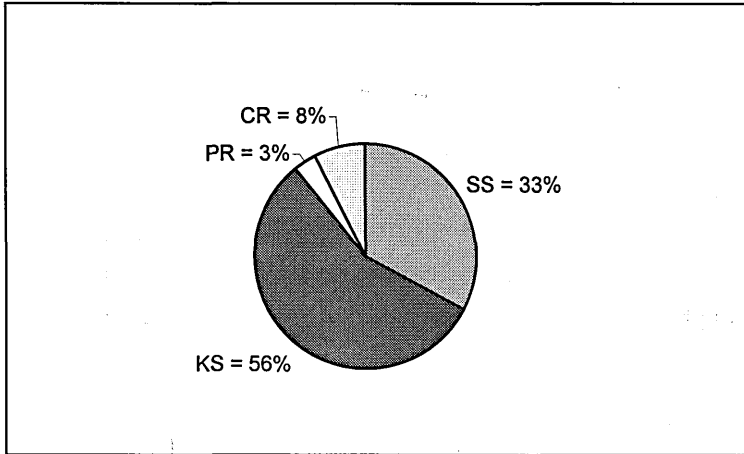


Fig.1: Articles/books selected (results expressed in percentages)

The inclusion and exclusion criteria were then applied to the 117 articles and 2 books. Subsequently, the ones that passed them were assessed on the basis of their quality. The final results are presented in Table 11.

	Before inclusion and exclusion criteria	After inclusion and exclusion criteria	After Quality Assessment
Number of papers	119	48	42

Table 11: Results - Inclusion, exclusion and quality criteria

The papers included are of two main types:

- 1- Articles/books that deal with performance measurement or with related subjects of interest from a new institutional and/or resource dependence standpoint. The level of generalisability is higher than the one of the population studied and there is a clear contribution from an empirical or theoretical point of view. If the main contribution derives from the analysis of empirical data or from theoretical reflections on issues regarding a certain sector or sub-sector, the cases presented or the theoretical reflections have to concern predominantly public sector organizations;
- 2- Very relevant theoretical articles/books that adopt a new institutional and/or resource dependent standpoint, or make a very high contribution to issues related to those theories.

The material belonging to the first category was identified primarily through the scoping study and the keyword search. The papers and books that make a very relevant contribution to the two OT were found mainly through the scoping study, panel recommendations and cross-references.

Approximately two thirds of the articles to be assessed did not pass the selection and quality criteria. The reasons are various and, in particular, the majority of papers have been excluded because they did not comply with more than one criterion. Summarizing and grouping the reasons for exclusion, it is possible to see how some “patterns of exclusion” emerge, namely some criteria have played a major role in not allowing many articles to pass.

119 articles and books were submitted to the selection and quality criteria and 42 were selected. Of the 77 that were rejected, 61 did (also) because they did not focus sufficiently on performance measurement. This result is very interesting, but not particularly surprising, since, as previously mentioned, PM is an emergent field, the use of terminology is not unambiguous, and several subjects are more or less related to it. This is why the search strings were kept as broad as possible, and why many articles proved not to be strongly related to PM. Finally, many articles, whose titles and abstracts made them seem relevant, turned out to be focused on the functioning of accounting agencies and organizations, rather than on issues concerning management accounting.

The lack of focus on public sector organizations was common to 19 articles, while too little or no use of the two OT was found in 25 papers. As previously stated, a paper could have been rejected for more than one reason. In particular, if it did not focus sufficiently on PM, it was excluded just if it did not make a relevant theoretical contribution (cf. exclusion criteria). Finally, 6 articles were excluded because they did not pass the quality assessment criteria: 5 because they made an insufficient contribution and 1 because its findings referred just to the population studied.

An extensive description of the 40 articles and 2 books can be found in Appendix 8. Before exploring the different themes identified while reviewing this material, information will be provided about the quality of the papers (Table 12), about the area they focused on and the methods used. It is believed, in fact, that this could provide the wider PhD research with interesting insights regarding the sub-sectors the empirical data could be collected from and the methods that could be most appropriate.

Element \ Level	0	1	2	3	N/A
Theory robustness			12	30	
Implications for practice		5	21	1	15
Methodology		1	21	6	14
Generalisability			21	13	8
Contribution			19	23	

Table 12: Quality assessment of the articles reviewed

The results reported in Table 12 emphasise the characteristics of the material reviewed. First of all, the majority of articles show a deep and broad knowledge of the literature: this outcome was expected, since all the papers had to have a sufficient theoretical basis. The implications for practice, on the other hand, are not very high: this confirms the existence of two almost separate bodies of literature. Since the one taken into account in this dissertation is the “theoretical”, it was predictable that not very significant contributions for practitioners would be found. The methodological aspects are also often not assessable, since various papers just make theoretical reflections mostly rising from extensive literature reviews. Finally, generalisability and contribution are high, also because the papers, which scored 0 or 1 in these aspects, were not included.

## 2.5.2 Sub-sectors

Concerning the specific areas from which the empirical data was collected or theoretical reflections were made, it is possible to see how no specific sub-sector has received particular attention (fig. 2). Several articles, in fact were related to government (US States: 6; local government: 3), healthcare (6) and education (5). Interestingly, just one article (Lawton and McKeivitt, Millar, 2000) presented data across different sub-sectors. More details can be found in Appendix 8.

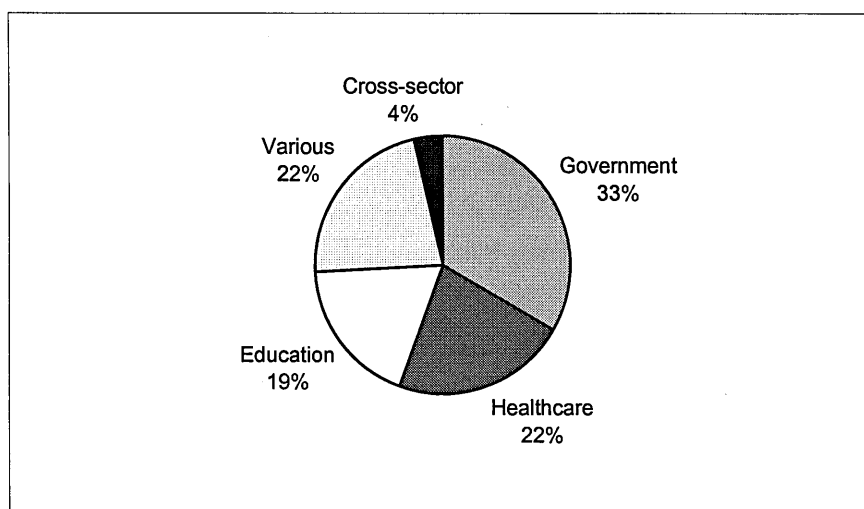


Fig.2: Sub-sectors (results expressed in percentages)

## 2.5.3 Methods

Before reviewing the methods employed in the papers, it is important to define what method and methodology mean. Blaikie (1993: 7) defined method as “the actual techniques used to gather and analyze data related to some research question or hypothesis.” Methodology, on the contrary, is “the analysis of how research should and does proceed. It includes discussions of how theories are generated and tested - what kind of logic is used, what criteria they have to satisfy, what theories look like and how

particular theoretical perspectives can be related to particular research problems” (Blaikie, 1993: 7). Although the two terms are clearly different, they tend to be confused.

Regarding methods employed, generally the authors preferred to carry out case studies, rather than surveys (very rarely employed) and use qualitative, rather than quantitative analysis. This is in contrast to the more practitioner-focused type of studies where quantitative approaches are more widespread. The distinction between only theoretical, and theoretical and empirical studies was not an easy one to make. Among the 42 articles and books included, 27 discussed empirical data or situations in a certain depth. The remaining 15 were only theoretical or did present some reflections from an empirical point of view, but certainly lower importance was given to empirical data.

More specifically, archival and/or document analysis was used in 18 articles and interviews in 13: these are certainly the most commonly employed methods. Surveys and observations were performed in just three studies, and just one author made use of questionnaires. More than one source of data was used in 9 cases (fig. 3). Further details can be found in Appendix 8, while further reflections on methods and methodology will be made in the third part of the dissertation (3.6).

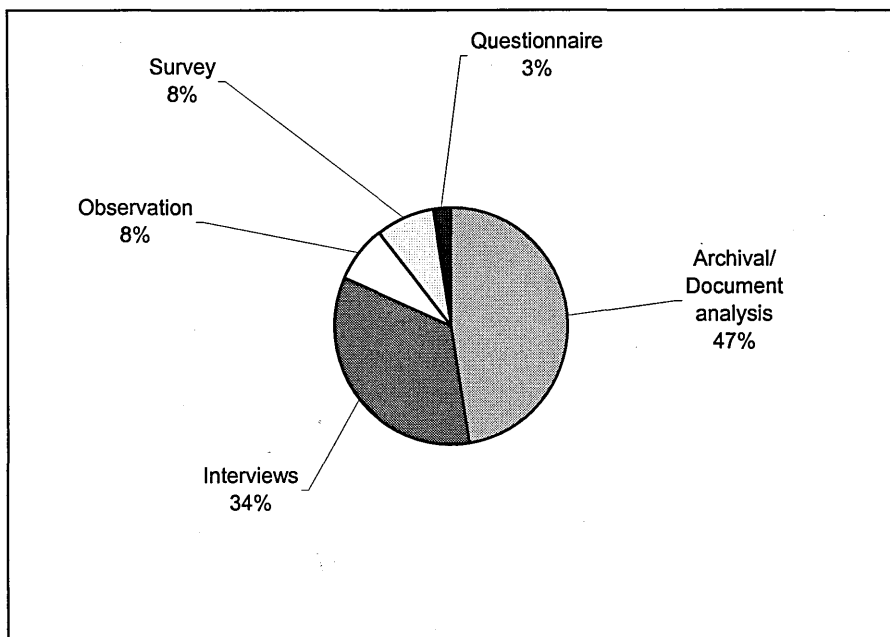


Fig.3: Methods employed (results expressed in percentages)

## **PART III - THEMES**

### **3.1 OVERVIEW**

The third part of the dissertation concerns the themes that have been found through the systematic review process. These themes have emerged from the articles and books that passed the selection and quality criteria of the SLR. Although different themes have been identified, they are interrelated, as it can be seen from the descriptions provided in the next sections. The first five to be presented (from 3.2 to 3.6) regard general aspects of the literature; the other five (from 3.7 to 3.11) concern more specific issues emerged while performing the SLR.

The reflections regarding the first five themes complement the ones made in chapters 1.3, 1.4 and 1.5. The first theme deals mainly with issues related to the existence of two types of approach and two consequent bodies of literature. The use of three theories is also taken into consideration - new institutional, resource dependence and network theory. The second theme refers specifically to performance measurement and related subjects of interest: some general insights gained through the systematic review are presented. The third theme discusses several issues regarding the contraposition between public and private sectors. Subsequently, interesting suggestions on the level of analysis coming from the systematic review of the papers are presented. The fifth theme, following the summary of the methods employed in the papers included (2.4), examines issues and suggestions regarding methods and methodologies. The sixth theme extensively describes the reflections made regarding strategic responses to institutional pressures. The seventh deals with the concepts of efficiency, effectiveness and legitimacy and the connections existing between them. The eighth relates to loose coupling, a central concept in organization theory, particularly in new institutionalism. Subsequently, the issues of institutionalization, power and conflicting rationalities within organizations are discussed, relating to the compatibility and possible conjoint use of new institutional and resource dependence theory. Finally, the tenth theme describes the concept of isomorphism, distinguishing between competitive and institutional isomorphism, and, within the latter, between coercive, mimetic and normative.

In every theme, theoretical concepts and constructs are presented, and, where possible, more empirical research in the field of performance measurement in public sector organizations is discussed. The definitions of the main concepts can be found throughout the themes and in Appendix 7, where all the definitions found in the papers included are listed. The presentation of those definitions does not aim to provide an exhaustive treatment of all the relevant concepts; rather, that section intends to give one or more definition of the fundamental concepts and constructs this review is based on.

### 3.2 TWO BODIES OF LITERATURE

The scoping study revealed the existence of two almost separate bodies of literature in the subject of performance measurement. This finding and the researcher's willingness to investigate the more theoretical body of literature were among the main drivers of the choice of the systematic literature review topic. The review strongly confirmed what had been found in the scoping study and provided more evidence concerning the existence of two different approaches. Various authors, in fact, emphasised the differences between them, although using different terms and pointing out diverse characteristics.

The main criticism made of the first kind of approach is that practical issues are considered, but theories are very often neglected and remarks are almost never made on a general level; on the other hand, the latter approach rarely deals with practical aspects and authors seem not to be very concerned about the relevance of their studies to practitioners. The little use of theory does not imply that applied articles do not make reference to any other study; rather, in this type of papers just articles that adopted this same approach are quoted. This is evident when looking at the list of references at the end of each article: the most quoted authors of one "group" are almost never mentioned in the studies belonging to the other. This reinforces the idea that there is not sufficient collaboration or communication between the two types of research.

In this section the differences between approaches and the relevance of both are discussed. Subsequently, the possibility of using different theories, separately or conjointly is examined considering two organization theories - new institutional and resource dependence.

The duality between approaches has been expressed in several ways. While the more practitioner-focused literature very rarely mentions the existence and the possibility of adopting theoretical perspectives, academics who utilised theories to study the subject of performance measurement in public sector organizations often remarked on this distinction. Boland and Pondy (1983: 223), for example, describe the differences between "rational" and "natural models": "rational models assume managements are confronted with an objectively knowable, empirically verifiable reality that presents demands for action. Guided by a functionalist framework, managements analyze the apparent cause and effect relations, calculate costs and benefits and take action in response to the requirements of the external environment or the technology of production. Natural models, on the other hand, see managements as responsible agents, who interact symbolically and, in so doing, create their social reality and give meaning to their ongoing stream of experience. Problems are not simply presented to managements, problems are constructed by them."

A more recent article refers to the contraposition between "traditional" and "alternative" approaches. According to them, alternative approaches "to management accounting provide multiple understandings of management accounting that are not offered by more narrowly focused analysis which centres around individual preference and cognitive functions" (Covaleski, Dirsmith and Samuel, 1996: 27). This idea of mainstream (traditional) research as being more narrowly focused than alternative research confirms that expressed by Boland and Pondy (1983).



Another way to describe this dichotomy is through the distinction between “orthodox” (practitioner-focused) and “institutional”. “According to orthodox theorists the purpose of accounting is to facilitate rational decision making by faithfully representing the task technology or economic reality of the organization” (Covaleski, Dirsmith and Michelman, 1993: 65). This shows that together with a dissimilar approach to the study of management accounting (or performance measurement in general), at the basis of this duality lies a significantly different view of the organization. In this merit, Weick (1976) summarizes and challenges the traditional view of the organization in a not recent, but still very influential article. “An organization does what it does because of plans, intentional selection of means that get the organization to agree upon goals, and all of this is accomplished by such rationalized procedures as cost-benefit analysis, division of labour, specified areas of discretion, authority invested in the office, job descriptions, and a consistent evaluation and reward system. The only problem with that portrait is that it is rare in nature” (Weick, 1976: 1).

Finally, it should also be noted how differences between organization theories have been emphasised. In depicting the contraposition between “rationality” and “social construction”, Lapsley and Pallot (2000) draw a line between public choice theory, agency theory and transaction cost economics on one hand, and more social constructivist perspectives like new institutionalism on the other.

This short review allowed some of the main differences and specificities of the two approaches to be pointed out. This dissertation does not aim to deepen the gap existing between them; rather, one of its main aims is to show that, despite their dissimilarities, they could be utilised conjointly and that the subject of performance measurement could strongly benefit from the use of organization theory, particularly new institutional and resource dependence. In the researcher’s opinion, in fact, the little use of theory in the field of PM in general is not due to the limited contribution that theory can make. On the contrary, various constructs, concepts and frameworks drawn from new institutional and resource dependence theory can greatly enrich the understanding of this field of research. The papers included in the systematic review reinforced what had been found in the scoping study in this sense. Brignall and Modell (2000: 282), above all, were able to express this need, referring particularly to PM in the public sector. “The approach guiding previous research is mainly one of rational instrumentalism, hence power relationships and political bargaining processes, studies of which would enhance our understanding of systems implementation and use, have largely been ignored. This neglect of the insights of institutional theory is particularly unfortunate in a public sector context, since: “It is difficult to wield influence in organizations of a pronounced political nature, if one regards the organization as a system exclusively geared to organized action or to the ideal rationality model (Brunsson, 1989: 218)”.”

However, a need to “reconcile” the two different approaches in general has also been expressed by other academics. Boland and Pondy (1983: 233) proposed a “genuine union” of rational and natural systems theories, since traditional approaches to PMS and organization design are “inadequate for understanding their dual nature as both symbolic and literal, both qualitative and quantitative, and both analytic and interactive in their problem solving processes”. “The essence of a genuine union is the recognition that each way of understanding organizations serves as the context for the other. Organizational action is seen as rational, relative to an inter-subjective domain of

understanding, and symbolic interpretations endure when they are seen as resulting in positive empirical consequences” (Boland and Pondy, 1983: 225). This idea of reconciliation and greater contribution that the two approaches can provide if conjointly used has been reinforced by Carruthers (1995: 316). “When organizational output is easily measurable, when productive technologies are well defined, and when criteria of success are unambiguous, then technical efficiency matters. It is when outputs, technologies and criteria are highly uncertain that the mythical aspect of rationalized structure matters most”.

In this chapter, particular emphasis has been given to the existence of two bodies of literature determined by the use of two different approaches. Despite their differences, it is argued that the use of both traditional and alternative perspectives can significantly improve the understanding of the issues related to performance measurement, particularly in public sector organizations. However, the so-called alternative approach consists of different theoretical stances. In the next chapter the use of theories found in the systematically reviewed literature is summarised and the possibility of using more than one theory is explicitly described.

### **3.2.1 Use of theories**

As mentioned in the second part of the dissertation, all the articles to be included had to have a sufficient theoretical basis and make use of a new institutional and/or resource dependence perspective (or contribute to the definition of concepts strongly related to them). Therefore, all the authors of these papers adopted at least one theoretical “lens” through which they looked at empirical data or made theoretical reflections. Before focusing specifically on the use of the two OT, it would be interesting to investigate the use of other theories and the possibility of utilising different perspectives in the same study.

Regarding this latter issue, Covalski, Dirsmith and Samuel (1996: 24) called for a paradigmatic pluralism in the social sciences at large. “Different paradigms both address different sorts of problems and, where paradigms address common problems, portray them in fundamentally different ways and thereby offer differing insights into their nature. Thus, what is called for is not a blending of paradigms nor the isolation of a particular paradigm as champion, but rather paradigmatic pluralism as a way of enhancing our understanding of issues in the social sciences”. In their review of the use of theories in management accounting, they considered the following: contingency theory; organizational and sociological theories (institutional theory, resource dependency theory, political perspectives, and the sociology of professions); critical organizational and sociological perspectives (labour process theory and Foucauldian perspective); and orthodox, neoclassical, and social and organizational psychology perspectives (Covalski, Dirsmith and Samuel, 1996). This review is certainly very interesting, but, given its breadth, it does not investigate these approaches into great depth.

In another predominantly theoretical article, insights were drawn from Habermas' model of society, organizational change theory and institutional theory to study and add new dimensions concerning organizational resistance (Broadbent, Jacobs and Laughlin, 2001). According to the authors, the amalgamation of new institutionalist concepts with

the Habermasian framework allows an analysis of the dynamics and processes that occur when institutional “pillars” (Scott, 2001), namely the regulative, normative and cognitive environmental elements and requirements on organisations, conflict and coincide.

Different theoretical perspectives have also been applied, separately or conjointly, in several empirical studies. In their analysis of design and use of cost accounting systems in government agencies, Geiger and Ittner (1996) used both contingency and institutional theories. Carpenter and Feroz (1992) utilised four theoretical perspectives to aid in understanding of New York’s incentives to adopt the generally accepted accounting principles (GAAP). Each theory enabled the same issue to be looked at from a different point of view. In particular:

- 1- Agency theory suggested that GAAP could serve as a means of controlling and monitoring the activities of borrowers;
- 2- Traditional-rational theory suggested that GAAP should promote technical rationality in management decision making;
- 3- Political-power theory suggested that governmental budgeting, and hence the use of GAAP information in budgeting, is the result of political bargaining within the organization;
- 4- Institutional theory suggested that environmental pressures for change are the primary factors causing organizations to adopt GAAP.

The use of these theories enabled the authors to provide a more insightful explanation of the decision-making process in New York State’s adoption of GAAP. Interestingly, institutional theory proved to be the most useful, particularly when combined with the political-power perspective. The evidence found was also consistent with the economic consequences perspective, but not with the technical-rational perspective (Carpenter and Feroz, 1992).

In another theoretical and empirical article, Carmona and Macias (2001) studied the enforcement by law of cost and budgeting systems in a manufactory of a state-owned monopoly, comparing the insights gained by utilising new institutional theory, the Foucauldian approach, and the labour-process school.

Finally, Ansari and Euske, (1987) identified three alternative theoretical perspectives on the use of accounting data in organizations: (1) technical-rational, which is driven by considerations of efficiency; (2) socio-political, which is the pursuit of power and influence; (3) institutional, which stems from the need to put on an appropriate facade for the world to see. According to the authors, “traditional” PM literature is helpful in the first perspective, resource dependence in the second and new institutionalism in the third. This is another example of how different standpoints can improve our understanding and allow different aspects of the same issue to be better understood.

### **3.2.2 New Institutional Theory**

The majority of the articles to be included explicitly adopted a new institutional perspective to examine issues related to the subject of PM. The main characteristics of this OT have been presented in chapter 1.4.1; here some reflections regarding the appropriateness of this theory to study PM in PSO are provided. In the next chapter, the compatibility and possible conjoint use of new institutional and resource dependence theory are investigated.

First of all, new institutional theorists have often focused on the “engines of rationalization” (Scott, 2001), namely the professions, nation-states, and the mass media. It is clear how these actors play a fundamental role particularly in the public sector. Furthermore, new institutionalists have remarked how PSO have to concentrate on legitimacy – one of the fundamental concepts of this OT - more than private sector organizations. “The institutional theory perspective has been proposed as particularly relevant for understanding public sector organizations, where concerted efforts must be directed at developing, maintaining, and managing legitimacy in the eyes of such important constituent groups as the legislature and citizenry in order to receive their continued support. [...] The nature of public sector organizations inheres in their continuous attempts to manage legitimacy to the extent that their economic welfare becomes primarily an issue of legitimacy, and only secondarily an issue of economic performance. Furthermore, the role of accounting information in the public sector has been increasingly recognized as being influenced by a myriad of complementary, and sometimes conflicting, social forces” (Carpenter and Covaleski, 1995: 1212).

Various authors have advocated, even more explicitly, the use of new institutional theory in the subject of PM in PSO. This OT, in fact, could help explaining the discrepancies between internal and external behaviours, between stated and observed objectives, and issues related to the development of PMS (Modell, 2003). “There is a clear link between institutional theory and accounting control systems - in particular the circumstances which drive management accounting change” (Collier, 2001: 468).

Moreover, the level of analysis – organizational field - often adopted by new institutional theorists could also be particularly relevant. Organizational fields help to bound the environments within which institutional processes operate (Scott, 2001). The diffusion of efficiency-oriented methods, such as PMS, is very frequently inter-organizational, therefore this OT appears particularly suitable (Roy and Seguin, 2000). Finally, a strong incentive to adopt this perspective to study management accounting (and PM in general) comes from Carruthers (1995: 326), who stated that “accounts are the quintessential rationalized myth, and it is surprising that new institutionalists have not devoted more time to studying them”.

### **3.2.3 New Institutional and Resource Dependence theory**

General reflections regarding the conjoint use of these two OT have already been presented (cf. 1.4.3). In this chapter more insights in this sense are reported. First, the main attributes of the two theories are explicitly compared, following the analysis performed by Oliver (1991). Second, the possibility of conjointly using them and the

insights that can be gained are investigated. Finally, the papers where the two OT have been utilised to explain empirical data are described.

The first contributions regarding new institutional and resource dependence theory were published almost contemporaneously in the mid-late 1970s, but only in the early 1990s were they explicitly combined. Oliver (1991), in fact, conjointly used them to structure a framework regarding strategic responses to institutional processes. The main characteristics of the two OT are summarized and compared in table 13.

		Divergent Foci	
Explanatory factor	Convergent assumptions	New institutional perspective	Resource dependence perspective
Context of organizational behaviour	Organizational choice is constrained by multiple external pressures	Institutional environment Nonchoice behaviour	Task environment Active choice behaviour
	Organizational environments are collective and interconnected	Conforming to collective norms and beliefs Invisible pressures	Coping with interdependencies Visible pressures
	Organizational survival depends on responsiveness to external demands and expectations	Isomorphism Adherence to rules and norms	Adaptation Management of scarce resources
	Organizations seek stability and predictability	Organizational persistence Habit and convention	Reduction of uncertainty Power and influence
Motives of organizational behaviour	Organizations seek legitimacy	Social worthiness Conformity to external criteria	Resource mobilization Control of external criteria
	Organizations are interest driven	Interests institutionally defined Compliance self-serving	Interests political and calculative Noncompliance self-serving

Table 13: Comparison of new institutional and resource dependence perspectives (Oliver, 1991).

While the analysis performed by Oliver is certainly crucial, looking at the two most relevant works in new institutional (Scott, 2001) and resource dependence theory (Pfeffer and Salancik, 1978), some other general conclusions can be drawn. Scott's work, for example, is highly theoretical, reflecting new institutionalists' attitude to making remarks on a theoretical level, often neglecting empirical data. Furthermore, the author is almost never prescriptive or normative, nor advocates practices, processes or procedures.

Pfeffer and Salancik's analysis is much more related to practice and remarks are very often made on a practical level. Moreover, considering various real situations, they also advocate behaviours, although they are quite generic. This more pragmatic focus is present and clearly stated throughout the whole book. Moreover, the authors strongly stress the importance of efficiency, effectiveness and the role of managers for the functioning and survival of an organization, whereas Scott almost never mentions it.

Finally, Suchman (1995: 572) defined two different types of legitimacy, depending on which of the two theoretical perspectives is used. The "strategic group of studies" (i.e. the one where a resource dependence perspective is utilised) adopts a "managerial perspective and emphasizes the ways in which organizations instrumentally manipulate and deploy evocative symbols in order to garner societal support. Strategic-legitimacy studies depict legitimacy as an operational resource; emphasize managerial control; and legitimation is purposive, calculated, and frequently oppositional." In contrast, the "institutional group of studies", on the contrary, adopt a "more detached stance and emphasizes the ways in which sector-wide structuration dynamics generate cultural pressures that transcend any single organization's purposive control" (Suchman, 1995: 572).

Having highlighted some analogies and differences between the two OT, the possibility to conjointly use them is now explored. The compatibility of resource dependence and new institutional theory has been emphasised by various academics. As previously mentioned (cf. 1.4.3) Carpenter and Feroz (2001) argued that the theoretical arguments related to the resource dependency perspective represent a particular form of coercive isomorphic pressures. This idea has been further stressed by Mizruchi and Fein (1999: 657): "coercive isomorphism, at least in the first instance, is thus analogous to formulations of the resource dependence model, in which organizations are viewed as constrained by those on whom they depend for resources". These same authors inferred that the similarity between organizations, depicted in two fundamental articles in new institutional theory - DiMaggio and Powell (1983) and Meyer and Rowan (1977) – as arising as a result of organizations' quests to attain legitimacy within their larger environments, is due in part to the organizations' reliance on resources from these environments, as suggested by Pfeffer and Salancik (1978). The general level of analysis adopted by both groups of scholars reinforces the compatibility between the two OT: attention is mostly paid, in fact, to phenomena that take place on an organizational field level.

Furthermore, their conjoint use can allow the environment to be interpreted in two different ways: this is reflected by the different degrees of "pro-activity" and the

different uses of the concept of legitimacy. "Strategic theorists adopt the viewpoint of organizational managers looking "out", whereas institutional theorists adopt the viewpoint of society looking "in". [...] Because real-world organizations face both strategic operational challenges and institutional constitutive pressures, it is important to incorporate this duality into a larger picture that highlights both the ways in which legitimacy acts like a manipulable resource and the ways in which it acts like a taken-for-granted belief system" (Suchman, 1995: 577).

Focusing specifically on performance measurement in public sector organisations, recent research has taken into account Oliver's work. Oliver (1991: 146) made use of both OT to "demonstrate how organisational behaviour may vary from passive conformity to active resistance in response to institutional pressures, depending on the nature and context of the pressures themselves". More empirical studies have paid attention particularly to the discrepancy between external and internal behaviours, namely to the collection and display of huge amounts of information that have no immediate relevance for actual decisions. Interesting papers, from both a theoretical and an empirical point of view, focused on issues, such as: the decision of American state governments to adopt or resist the use of generally accepted accounting principles (GAAP) for external financial reporting (Carpenter and Feroz, 2001), the introduction of business planning and performance measures in a Canadian cultural organisation (Townley, 2002; Townley, Cooper and Oakes, 2003), and the effect of recent reforms in the Norwegian health care sector (Modell, 2001).

Although some academics have used Oliver's conceptual framework, it has not been sufficiently applied in the management accounting literature, despite its comprehensiveness and systematic treatment of responses to institutional processes (Modell, 2001). Moreover, further research has been advocated to investigate Oliver's strategic response model to demonstrate or refute its relevance for particular decision-making contexts and to understand who has the organisational decision-making rights to establish organisational strategic response in an organisation (Carpenter and Feroz, 2001).

### **3.2.4 Network theory**

The systematic review of the literature provided understanding of how certain theories, predominantly OT, have been used together or separately. One theory has emerged as being particularly relevant for the researcher's PhD as a whole.

Network theory has been mentioned and used implicitly or explicitly in a number of articles (Casile and Davis-Blake, 2002; Westphal, Gulati and Shortell, 1997; Mizruchi and Fein, 1999) together with new institutional theory. Westphal, Gulati and Shortell, (1997), for example, developed a theoretical framework where institutional and network perspectives were integrated to study the form and consequences of administrative innovations. More specifically, they looked at the implementation of total quality management (TQM) programs and the consequences for organizational efficiency and legitimacy in US healthcare. Particularly interesting was the impact of social network ties on institutionalization: consistent evidence was found for a contingent network effect in the form and consequences of innovation adoption. "In the early stages of the institutionalization process, when institutional forces are limited, social network ties

may facilitate a match between technology and organization. [...] At later stages of the institutionalization process, network ties to other adopters facilitate conformity rather than customization of TQM adoption” (Westphal, Gulati and Shortell, 1997: 388).

Furthermore, the concept of organizational field takes into account and gives relevance to the existence of a network, although partly. If coercive isomorphism is consistent with resource dependence theory, normative isomorphism can also be seen as a network influence (Mizruchi and Fein, 1999).

### **3.2.5 Further reflections**

Although the complementarity of different perspectives is sometimes acknowledged, empirical research typically draws on a single theoretical approach in explaining particular cases of organization behaviour and structure. The combination of resource dependence and institutionalization perspectives allows a much fuller explanation of various issues related to the subject of PM in PSO, than could have been provided by either perspective independently, or by using none of them. Furthermore, a third OT (network theory) seems promising particularly to study phenomena related to the public sector, given the strong links existing between PSO belonging to the same organizational field.

The compatibility and the deeper understanding that can be gained by conjointly using these theories have been briefly examined in the previous chapters. Although coercive isomorphism derives from the resource dependence model, and normative isomorphism is very much related to network theory, it is believed that these two OT cannot be reduced just to these types of isomorphism. Rather, a framework as comprehensive and balanced as possible, including the three organization theories, should be formulated.

## **3.3 PERFORMANCE MEASUREMENT**

While all of the articles included in the review had to have a sufficient theoretical basis, not all of them discussed empirical data, nor dealt they with issues related to the subject of performance measurement (some theoretical papers were selected in order to better understand the fundamental concepts of new institutional and resource dependence theory). As stated in section 2.3, few articles explicitly referred to performance measurement, given the emergent nature of this field. Nevertheless, interesting reflections on the nature and the use of PM, and in particular of new public management (NPM) reforms, were found.

Concerning new public management, a very interesting discussion is provided by Lapsley and Pallot (2000), following Hood (1991). NPM is depicted as an expression, which characterizes the key components of an international trend towards the transformation of the governmental administrative machinery. The key dimensions of NPM are seven: “(i) the disaggregation of large public service bureaucracies into decentralized, corporatized units based on ‘products’, (ii) the introduction of contracts (short term) for employees and public service organization outputs (as an incentive), (iii) the adoption of what is considered to be private sector management styles and



techniques, (iv) a greater stress on 'frugality' (economy and efficiency in resource use) and discipline, (v) a greater visibility to top management direction, (vi) greater quantification of 'standards' of service and performance measurement and (vii) a greater emphasis on outputs. These characteristics differentiate NPM from its predecessor, the old-style public administration, with its emphasis on the distinctive nature of the public sector and the need for procedures to ensure delivery of public services" (Lapsley and Pallot, 2000: 215-216). The authors then examine the three rational paradigms used by reforming governments - public choice theory, agency theory and transaction cost economics – and contrast them with the social constructivist nature of the new institutionalism perspective. A theoretical framework based on this OT is then formulated to explore the impact of NPM reforms on management accounting in local government in the context of significant change (managerial, organizational and environmental).

Moving from reflections on NPM reforms to more specific issues related to the role of performance measurement systems (PMS), it is possible to identify three main characteristics that authors focused on: PMS as enablers of data acquisition, analysis and dissemination; PMS as servers of both objective and symbolic functions; and PMS as drivers of behaviour.

Ansari and Euske (1987: 551), in their study of the use of cost accounting data by military repair facilities in the U.S., identified the main roles of accounting systems: "providing information for resource allocation decisions, motivating individuals to perform certain actions, aiding the exercise of influence and control, increasing confidence in decisions made in uncertain and ambiguous situations, performing functions to legitimate organizations, and furthering particular interests in an organization". While this is consistent with the more traditional approach to PM (cf. 1.3.1), the authors challenged this "rational" view, emphasising the fact that organizations routinely disregard information; collect more information than they can possibly use; and that information is collected after decisions have been made (Ansari and Euske, 1987). The authors, in fact, found that most uses of the data were consistent with either a social-political or institutional perspectives, but not with a technical-rational perspective.

In this sense, it is possible to say that performance measurement serves both objective and symbolic functions (Boland and Pondy, 1983). In situations where management accounting may have no technical role to play, the natural perspective (cf. 3.1) provides a possible answer, since it asserts that information systems are means of manipulating internal relationships of an organization and gaining legitimacy with external constituencies (Ansari and Euske, 1987). Finally, performance measurement is considered as influencing behaviours, since "what gets measured focuses activity and behaviour" (Pfeffer and Salancik, 1978: 76-77) and information is not neutral, as often described in the more applied literature.

Considering more empirical works, issues regarding the development of PMS have been examined. Lawton, McKeivitt and Millar (2000), studying the implementation of performance measurement in UK public sector organizations, found a top-down character of implementation, the lack of linkage between impetus and operational change and the consequent lack of attention to the views of the client in the process of

performance measurement and management. The client (citizen), in fact, was found to be just a minor player in the organizational change process (Lawton and McKevitt, Millar, 2000). A similar reflection is presented by Hatry (1996) in (Roy and Seguin, 2000: 453), in the context of US government: “most performance measurement efforts have been top-down, driven by requirements from the legislature or from a central administrative office, and their results have been little used by program personnel for management or program improvement purposes [...] US governments seem to have put much more effort into discussing and processing performance measurement than into using them”. Always relating to the introduction and development of PMS - in cultural organizations - the attributes of measurement systems seemed to privilege one dimension of rationality over another, leading to an imbalance in rationalization (Townley, Cooper and Oakes, 2003). Finally, in a study of the development of performance measurement in the Swedish university sector (Modell, 2003), the lack of political commitment was found as undermining the use of PM (Management By Objectives in this case), thus confirming the findings of more practitioner-focused papers (cf. 1.3.1).

### **3.4 PUBLIC VS. PRIVATE**

A third theme to emerge from the papers reviewed is the contraposition between public and private sectors. As mentioned in the introductory part of the dissertation, the differences between public and private organizations strongly influenced the extensive literature review and drove the choice of the theoretical perspectives to be examined. Theoretical contributions found in this merit are reported below, followed by the conclusions drawn in a study more grounded on empirical data.

The majority of reflections on the differences between public and private sectors are concerned with the ability to respond strategically to institutional pressures. Pfeffer and Salancik, acknowledge that certain aspects, which are more salient in the public rather than in the private sector, have to be taken into account when considering possible strategic and pro-active responses and behaviours (1978). New institutional theorists followed this line of reasoning as well, stating that pressures to conform to accepted practices could be particularly powerful in government organizations (Meyer and Rowan, 1977; DiMaggio and Powell, 1983). “Since the survival of government units depends primarily on the support of external constituents and only secondarily on actual performance, conforming to accepted social norms and external requirements is required to maintain organizational legitimacy, thereby strengthening support and ensuring continued funding” (Geiger and Ittner, 1996: 550). Scott (1987) also argues that in institutional environments such as government organizations, environmental agents have the authority to impose organizational practices on subordinate units or to specify conditions for remaining eligible for continuation of funding. “Consequently, subordinate organizations are likely to show little resistance to the implementation of the mandated practices, but the changes will tend to be superficial and loosely coupled to participants’ actions” (Geiger and Ittner, 1996: 550).

Examining the concept of isomorphism, Roy and Seguin (2000: 454) argued that “increasing the number or the skill levels of the organization's employees as well as the

size of its customer base will fuel “the pressure felt by the organization to provide the programs and services offered by other organizations [...] [and] encourage mimetic isomorphism” (DiMaggio and Powell, 1983: 151). This points conspicuously to public organizations, which typically employ large numbers of professional employees, and serve sizable populations with heterogeneous needs.” Finally, as Scott (2001: 165) put it, “organizations that operate within or are more closely aligned with the public sector are more likely to be responsive to institutional pressures, particularly legal and regulatory requirements.”

Looking at reflections arising from more empirical research, one study in particular seems relevant, since it examines how technical and institutional factors affect the responsiveness of public and private organizations to a (normative) change in accreditation standards (Casile and Davis-Blake, 2002). The authors found that technical factors (potential economic gains from accreditation) had a greater effect on the responsiveness of private organizations, and institutional factors (diffusion through both social cohesion and structural equivalence) had a greater effect on the responsiveness of public organizations. “Private and other market organizations may be particularly persuaded by logics that appeal to economic efficiency, and public and other nonmarket organizations may be particularly influenced by a “logic of appropriateness” (March and Olsen, 1989)” in (Casile and Davis-Blake, 2002: 192).

### **3.5 LEVEL OF ANALYSIS**

Interesting suggestions regarding the level of analysis came from the systematic review of the papers. Scott (2001) identified six levels: world system, society, organizational field, organizational population, organization, and organization subsystem. Most of the authors, who have adopted a new institutional perspective in general, have carried out cases on an organizational field level. An example of organizational field would be the “educational system comprising a set of schools (focal population) and related organizations, such as district offices and parent-teacher associations”. In Scott’s opinion, “given the definition of field, it is apparent that this conception provides a level at which institutional forces are likely to be particularly salient” (2001: 84).

Even if the majority of new institutional scholars seem to agree with this conclusion, some criticisms have been moved and different levels of analysis have been advocated to examine the technical environment, understand the socio-political side, and evaluate the institutional component as a driver of choices (Ansari and Euske, 1987). Collier (2001), for example, in his study of the introduction of managerial accounting change in a police force, decided to adopt an organizational level of analysis. Nevertheless, in the author’s opinion, this choice precluded the possibility to understand micro-level processes, as well as the behaviour of single managers. An organizational field level of analysis could not allocate sufficient importance to these relations of power and could not explain how common interests can emerge (Collier, 2001).

If organisational fields are not homogeneous, they may not be the right unit of analysis: if external influences could be understood, internal ones might be neglected (Modell, 2002). Looking at how the state of New York responded to institutional pressures to

adopt the use of generally accepted accounting principles (GAAP) for external financial reporting, Carpenter and Feroz (1992) concluded that, in addition to assessing power and self-interest motives at the inter-organizational level, it is also very important to analyze such influences at the intra-organizational level. An organizational field level may not be suitable to perform this task.

### **3.6 METHODOLOGIES AND METHODS**

The summary of the methods employed in the papers included in the review (cf. 2.5.3) led to the conclusion that authors preferred to carry out case studies, rather than surveys and questionnaires, and use qualitative, rather than quantitative analysis. The suggestions regarding methods and methodologies made in the papers reviewed reflect this way of proceeding.

Generally speaking, authors seem to consider quantitative, literal analysis, as guiding rational models; qualitative, symbolic interpretation is seen as more appropriate for natural models (Boland and Pondy, 1983). In a study of the relationship among institutional pressures, instrumental work processes and coordination practices in the General Accounting Office (GAO), Dirsmith, Fogarty and Gupta (2000) found that, while the quantitative evidence proved compelling, the qualitative evidence provided rich insights into the dynamics of the GAO's activities in relation to institutional pressures. In their opinion, "quantitative and qualitative field observations may play simultaneous instrumental and symbolic roles at the infrastructural, socio-structural and super-structural levels in the social construction of knowledge" (Dirsmith, Fogarty and Gupta, 2000: 535).

In a both theoretical and empirical study of accounting, the authors argued, "the researcher must use case analysis of specific situations in which individuals experience accounting systems while solving organizational problems. Accounting comes into existence in use, and is not done exclusively by accountants. Accordingly, the perspectives of interest are those of the individual actors. The attempt is to understand accounting as a lived experience" (Boland and Pondy, 1983: 226). In a similar way, in their examination of the appropriateness of methods for studying loose coupling, Orton and Weick (1990) advocated ethnographies, case studies and systematic observations, rather than questionnaires and causal observations. Case study methodology has been also depicted as an indispensable building block for theorizing in management accounting (Carpenter and Feroz, 1992).

Concerning other kinds of approaches, "middle range" theoretical language was developed regarding organisational resistance, drawing from a range of theoretical perspectives (Broadbent, Jacobs and Laughlin, 2001). In the authors' opinion, a "middle range" approach is more appropriate than others, because it uses theory in an amplifying role rather than as deriving some formal set of propositions that are to be tested through the empirical detail (Broadbent, Jacobs and Laughlin, 2001). Finally, Collier (2001) proposed an "ethnomethodological ethnography" - an ethnography that is based not in conversational analysis but in contextually grounded social interaction - to study issues related to performance measurement.

### 3.7 STRATEGIC RESPONSES TO INSTITUTIONAL PRESSURES

The examination of the strategic responses to institutional pressures strongly depends on two main concepts: the environment (and its conceptualization) and the role(s) of management (e.g. the possibility of behaving pro-actively and strategically). Before reviewing the studies that focused, theoretically and/or empirically, on strategic responses to institutional pressures, these two concepts are briefly described.

Regarding the conceptualization of the environment, the two OT presented in this dissertation significantly diverge. From a resource dependence point of view, organizational environments are not given realities; rather, they are created through a process of attention and interpretation (Pfeffer and Salancik, 1978). Environments are seen as enacted: “the human creates the environment to which the system then adapts. The human actor does not react to an environment, he enacts it” (Weick, 1969) in (Pfeffer and Salancik, 1978: 13). Furthermore, the environment is determined by “the focal organization, which enacts it, or more precisely, the individuals who enact it in planning the activities of the organization” (Pfeffer and Salancik, 1978: 72-73).

From a new institutional point of view, the institutional environment is seen mainly as influencing and delimiting what strategies organizations can employ (Scott, 2001) and organizations are depicted more as reacting to institutional pressures, than as proactively shaping the environment in which they operate.

This leads to the examination of the roles of management. In this merit, Pfeffer and Salancik (1978) identified three managerial roles:

- 1- Symbolic: actions are unrelated to constraints. The organization's outcomes are determined primarily by its context and the administrator's actions have little effect;
- 2- Responsive: organizational actions are developed in response to the demands from the environment;
- 3- Discretionary: constraints and environments are managed to suit the interests of the organization.

While resource dependence theorists have considered all three types, new institutionalists seem to have concentrated just on the symbolic and, partially, on the responsive. In the symbolic role of management, the manager personifies the organization, its activities, and its outcomes and is responsible and accountable for the organization's activities and outcomes, even if he/she has little influence on these activities and outcomes (Pfeffer and Salancik, 1978). While new institutional scholars see this as the almost only role of managers, Pfeffer and Salancik stressed the fact that since constraints are not predestined and irreversible, managers have to guide and control the process of manipulation of the environment. This relates to the issue of strategic choice, which is considered possible even in an environment that exhibits substantial levels of control by external sponsors (Abernethy and Chua, 1996).

Having briefly summarized the main issues regarding environment and managerial roles, the analysis now focuses on the study of strategic responses to institutional pressures, which was prompted by Oliver (1991). In her theoretical paper, she identifies the different strategic responses that organizations enact as a result of the institutional pressures toward conformity that are exerted on them. The comparison between institutional and resource dependence perspectives allowed the formulation of a typology of strategic responses to institutional processes and predictors of strategic responses. The author proposes five types of strategic responses: acquiescence, compromise, avoidance, defiance and manipulation. These are then broken down into sub-types and described in detail. Conformity or resistance are determined by the willingness (driven by scepticism, political self-interest and organisational control) and ability (driven by capacity, conflict and awareness) of organisations to conform to the institutional environment. Other factors that determine organisational responses are related to the cause, constituents, content, control and context of pressures. The hypotheses formulated at the end of this paper have been used as bases of several studies conducted by other authors, but have been just partially tested. In the following paragraphs the main supporting arguments and criticisms of Oliver's framework and hypotheses are presented.

In a study of the role of an organization's accounting control system (Abernethy and Chua, 1996), the authors confirmed Oliver's main thesis, namely that organizations can make a range of strategic responses in the face of institutional pressure. Carmona and Macias (2001) drew four interesting conclusions related to Oliver's hypotheses: (1) firms will be less prone to conform to institutional pressures when such demands arise from an ever-changing institutional environment; (2) conformity to institutional pressures is contingent on the intensity of the demands; (3) *ceteris paribus*, the more the expected diffusion of noncompliance, the higher will be the probability of conformity to rules and norms; (4) firms can be expected to conform to institutional pressures when demands have a clear, salutary effect on organizational goals.

In an already mentioned study (Carpenter and Feroz, 2001), the authors suggest that all strategic responses to resist institutional pressures may ultimately fail because of the potency of the institutional pressures. However, in agreement with Oliver, it is concluded that institutional pressures may work in concert with other pressures such as resource dependency in shaping a government's decision to adopt a particular structure or management practice (Carpenter and Feroz, 2001). Etherington and Richardson (1994) re-elaborated Oliver's typology, but maintained her hypotheses. In their study of institutional pressures for changes in accounting education, they found evidence that "the average response by faculty to institutional pressures is less likely to be actively negative where faculty perceives gains in efficiency, congruence of their aspirations with the effects of the initiative, maintenance of their autonomy, and reduction in the uncertainty of expectations or outcomes" (Etherington and Richardson, 1994: 159).

Modell (2001) draws on Oliver's conceptual framework to study how recent reforms in the Norwegian health care sector impinge on the extent of pro-active choice exercised by senior management in the development of multidimensional PMS. The author concluded that the likelihood of pro-active attempts to develop multidimensional PM is greater where multiple constituencies make their influence felt. Finally, Townley (2002) describes the responses to competing rationalities, pointing out those aspects that are

more easily accommodated and acquiesced to and those that prompt resistance. In the context of cultural organizations, the responses revealed something of the complexity of strategic responses to institutional pressures and the contextual richness of how agents respond to institutionalized myths.

Although all the papers presented provide support to Oliver's hypotheses and theoretical framework, some also contain criticism. Two concerns, in particular, have been raised: the first regards the "choosing to copy" mode of innovation, which could confer second-mover advantage (Abernethy and Chua, 1996). In this sense, Oliver's tendency to classify mimetic behaviour under "acquiescence" may overemphasize the degree of environmental determinism and underplay the strategic nature of certain copying behaviour. The second criticism relates to the possibility of an organization to change in a manner that exceeds institutional demands. Neither Oliver's, nor Etherington and Richardson's (1994) lists of strategic responses envisage a situation where organizations go beyond what is required by key stakeholders (Abernethy and Chua, 1996).

The particular attention paid to the description and analysis of Oliver's work does not imply that just in that study have strategic responses to institutional pressures been examined. Pfeffer and Salancik, the main contributors in resource dependence theory dealt very extensively with this issue. In this merit they particularly emphasised three characteristics in their analysis: the existence of competing demands, the management of environmental demands, the coalitional nature of organizations.

According to the authors (Pfeffer and Salancik, 1978: 261), competing demands, even if correctly perceived, make the management of organizations difficult. It is clearly easier, in fact, "to satisfy a single criterion, or a mutually compatible set of criteria, than to attempt to meet the conflicting demands of a variety of participants. Compliance to demands is not a satisfactory answer, since compliance with some demands must mean non-compliance with others. Organizations require some discretion to adjust to contingencies as they develop. If behaviours are already completely controlled, future adjustments are more difficult. For this reason, organizations attempt to avoid influence and constraint by restricting the flow of information about them and their activities, denying the legitimacy of demands made upon them, diversifying their dependencies, and manipulating information to increase their own legitimacy." Regarding compliance, the authors identified various conditions that affect the extent to which an organization will comply with control attempts (Pfeffer and Salancik, 1978).

Concerning the management of environmental demands, efficiencies are no longer considerable as the solution to organizational problems, for "the efficiencies have created interdependencies with other organizations, and these interdependencies are the problem. [...] Negotiation, political strategy, the management of the organization's institutional relationships - these have all become more important" (Pfeffer and Salancik, 1978: 94). Finally, the authors state that understanding the behaviour of organizations requires attention to be paid to the coalitional nature of organizations and the way "organizations respond to pressures from the environment - acceding to the demands of some coalitional interests, avoiding the demands of others, establishing relationships with some coalitions, and avoiding them with others" (Pfeffer and Salancik, 1978: 24). The derivation of Oliver's theses from Pfeffer and Salancik's work

is reflected in the similarities that can be pointed out comparing their reflections and also the terms they utilised.

Moving to more recent contributions, a study of the relationship between institutional pressures, instrumental work processes and coordination practices in the General Accounting Office (GAO) suggests that institutional pressures do incite symbolic displays of rational practice, as indicated by an increased emphasis on the bureaucratic form of coordination. However, evidence showed that institutional pressures also went beyond merely cosmetic gestures to actually impact the instrumental work processes of GAO audit team members (Dirsmith, Fogarty and Gupta, 2000). This empirical study followed the research question regarding the fact that institutional pressures may result in merely cosmetic changes or they may have an actual impact on such key issues as internal resource allocation decisions (Covaleski and Dirsmith, 1988).

In another interesting article (Carpenter and Covaleski, 1995), the authors examined the strategic response of the state of New York to the adoption of GAAP. Evidence showed that these responses moved away from resistance to accommodating, as the institutional constituencies mobilized in terms of interconnection and enhancement in force. The resistance strategies of organizations to unwanted changes were also examined by Broadbent, Jacobs and Laughlin (2001). The conclusion drawn by the authors is that when a normative institutional context, which drives organisational behaviour, is perceived to be threatened by a regulative and/or cognitive institutional environment, organisational resistance will be inevitable.

Regarding conflicting demands and rationalities, an interesting study examined these issues in the context of PM. Performance measurement was found as often imposed on organizations by external stakeholders and those charged with implementation had to reconcile the demands of competing interests (Lawton and McKevitt, Millar, 2000). On the other hand, Collier's (2001) study of a police force shows substantial contrast with other public sector cases where resistance from a strong occupational culture impeded managerial reform. The author, in fact, found that a shift in power helped to reconcile the interests of those pursuing a legitimating accountability with those who prioritized more operational tasks.

In the context of cost allocation practices, Modell (2002) found a lack of use or emergence of parallel, local costing systems for operating control in response to mandatory and uniform cost allocation requirements in public sector organizations, despite significant and more direct pressures for adoption being exerted by government. Furthermore, following an extensive review of the literature, the author inferred that voluntary diffusion of cost allocation practices could also dominate in the public sector, despite the greater element of governmental control in this organizational field. Finally, Lapsley and Pallot (2000) found a complex pattern of relationships between management styles, influence of accounting and financial information and institutional setting. In terms of management style, the evidence derived by the case studies presented is that of a diversity of response to institutional pressures.

The examination of both empirical and theoretical issues allows the conclusion that organizations (including those belonging to the public sector) can behave strategically to be drawn. The general assumption of early new institutionalists that the only



possibility is to comply with regulations is thus falsified. Furthermore, Oliver's (1991) work has been taken into account and has proved valid in different contexts, although some adjustments may be required.

### **3.8 EFFICIENCY, EFFECTIVENESS AND LEGITIMACY**

Another major theme that emerged through the systematic review relates to the concepts of efficiency, effectiveness and legitimacy (cf. Appendix 7 for definitions), and to the contraposition between efficiency and legitimacy. While legitimacy is a fundamental concept in OT, efficiency and effectiveness are keywords in the performance measurement literature. Most of the practitioner-focused articles, in fact, consider PMS as systems that enable organizational improvements in terms of efficiency and effectiveness (cf. 1.3). Several reflections presented in this section can be related to various other themes, particularly the one concerning the differences between the types of approaches found in the literature (cf. 3.2).

Although a general definition of legitimacy has been adopted (cf. 1.4.1 and Appendix 7 for further detail), the existence of different types of legitimacy have been remarked as well. According to Suchman (1995), legitimacy can be rooted in: (1) the pragmatic assessments of stakeholder relations; (2) the normative evaluations of moral propriety; (3) the cognitive definitions of appropriateness and interpretability. Similarly, Scott (2001) identified three types of legitimacy processes: (1) in the cognitive sense, as prevalence of a form; (2) in the normative sense, as moral endorsement or certification; (3) in the regulative sense, as legal sanctions. Depending on the kind of technical and institutional structure an organization possesses, different types of legitimacy are at play and should be fostered by the organization itself. Furthermore, "legitimation is hardly homogeneous and the different facets of legitimacy are not always fully compatible" (Suchman, 1995: 602).

Although distinctions have been made regarding the different types of legitimacy, the articles that dealt with more empirical phenomena seem not to have taken this into consideration. Nevertheless, interesting conclusions have been drawn. In Carmona and Macias' (2001) study, the state's motivation to legally enforce the implementation of early cost and budgeting systems was found to be attributed to various reasons, including the seeking of legitimacy by the state regulatory body. Bowerman (2002) and Carruthers (1995) looked at the concept of legitimacy from a more dynamic and proactive angle. The first author, in her study of the implementation of the Business Excellence Model in UK local authorities, found that the conferment of legitimacy (through adopting rational practices) is unstable and subject to change as an initiative matures. Therefore, the prospect of legitimacy could prove illusory and difficult, or even impossible, to attain (Bowerman, 2002). The second concluded that organizations also could play an active role in constructing rationalized myths, playing them off against each other, or shaping how they are applied in particular instances. As the author states, "organizations are not only granted legitimacy; sometimes they go out and get it" (Carruthers, 1995: 324).

Having examined the main characteristics identified through the SLR regarding the concept of legitimacy, the contrast between efficiency and legitimacy is now considered. This (apparent) dichotomy is reflected in three types of contrapositions:

- 1- Technical vs. institutional types of approaches;
- 2- Rational vs. political;
- 3- Administrative vs. technological innovations.

Regarding the first type, it is possible say that, “if efficiency and a means-ends logic is at the heart of the technical, legitimacy and a cultural logic constitute the core of the institutional” (Carruthers, 1995: 317). As already stated, early new institutional theorists viewed institutional myths and practical activity as being at odds, thus advocating a loosely coupled state as the only stable solution for organizational survival. Conflicts between ceremonial rules and efficiency could be resolved only by employing two interrelated devices, such as decoupling and the logic of confidence (Meyer and Rowan, 1977) (cf. 1.4.1 and Appendix 7). This view has been criticized as too simplistic and further research has been advocated concerning the interplay between institutional and technical environments. “The identification of relationships linking the organization’s technical and institutional environments may thus be an important step towards closing the gap between conventional theoretical explanations of cost allocation practices and emerging ones informed by institutional theories” (Modell, 2002: 655). One way to close this gap is, as widely stated in this dissertation, to conjointly use two different approaches, as suggested by, among others, Tolbert and Zucker (1983). The two authors, in their study of the adoption of civil service reform by US cities, looked at organizations as both rational actors, albeit in a complex environment (needing efficiency and effectiveness to ensure their survival), and as captives of the institutional environment in which they exist (requiring legitimacy). In a similar way, Collier (2001: 469) argued that, “in the institutional environment there is a concern with legitimation in a resource-dependent relationship, and the fragmented nature of institutions. In the technical environment, the dominant concerns are the internal processes leading to service delivery, reinforced by the concerns of the occupational culture”.

Examining the contraposition between rational and political, in an article regarding the development, implementation and modification of case-mix accounting systems in response to diagnosis related group payment systems in hospitals, the authors found management accounting as being both rational and covertly political. “Case-mix accounting information may both provide a technical solution to the rationalistic goal of generating more resources and serve as a means of fostering political exchanges wherein social actors redistribute power” (Covaleski, Dirsmith and Michelman, 1993: 73).

Finally, looking at the development of PMS as a process of change, according to the type of innovation considered, patterns of adoption may vary and may be differently driven by concerns of legitimacy or efficiency. “Whereas the presence or absence of technological innovations is relatively unambiguous, the definition of administrative innovations is often open to multiple interpretations” (Westphal, Gulati and Shortell,

1997: 368). For administrative innovations, the appropriate question may not only be whether organizations adopt, but how they adopt.

Following this last reflection, interesting insights may be achieved by looking at the articles that dealt explicitly with temporal aspects in the adoption and development of performance measurement systems in public sector organizations. According to Carpenter and Feroz (1992), organisations seems to be looking for efficiency, but just in the first stages of their life and then tend to adopt tools and practices more on the basis of institutional pressures. This conclusion is aligned with DiMaggio and Powell's (1983) reflection that early adopters of innovations are driven by a desire to improve performance; when an innovation spreads, its adoption is driven by legitimacy. A review of the literature of cost accounting practices reinforces this concept: "early adoption of new work practices tends to be dominated by efforts to adjust these to the internal needs of individual organizations, whilst later adoption is driven more by concerns with social conformity, thus reinforcing the process of homogenization through institutional isomorphism" (Modell, 2002: 666).

Going back to the paper written by Westphal, Gulati and Shortell (1997), it is possible to see that when the adoption of a new system by a group of organizations (in this case TQM in hospitals) is driven by conformity pressures rather than technical exigencies, organizations may realize legitimacy benefits rather than technical performance benefits. Moreover, in comparison to early adopters, later adopters of TQM programs were found to conform more closely to the normative pattern of quality practices introduced by other adopting hospitals. Conformity to normative TQM adoption was negatively associated with organizational efficiency benefits and positively associated with organizational legitimacy benefits from adoption. In a more prescriptive sense, Bowerman (2002: 51) stated that organizations "should embark on new initiatives only if they are convinced of a practical benefit to the organization. Alternatively, where conferment of legitimacy is the desired result, they should wait until the bandwagon is well and truly rolling towards a named destination before they join it."

Two other interrelated issues have emerged regarding the relationships existing between the concepts of efficiency and legitimacy: the first relates to the differences between public and private organizations; the second pertains to the issue, also emphasised in the more practitioner-focused literature (cf. 1.3.1), of the discrepancy between the collection and use of information. Empirical evidence indicates that government organizations often implement elaborate budgeting, cost accounting, responsibility accounting, and management-by-objectives systems to meet external requirements, but make little use of these systems for internal purposes (Berry et al., 1985; Ansari and Euske, 1987). "These studies conclude that the primary use of elaborate, mandated management accounting systems is legitimating the organization's activities to external constituencies by creating the impression that the agency is well-controlled and demonstrating that resources are being used rationally" (Geiger and Ittner, 1996: 550-551).

Other academics have remarked that one manifestation of organizations in need of institutional legitimacy is the collecting and displaying of huge amounts of information that have no immediate relevance to any decisions to be made. When there is no reliable way to assess a decision-maker's knowledge, the visible aspects of information

gathering and storage are used as implicit measures of the quality and quantity of information processed and used (Carpenter and Feroz, 1992). These same authors found evidence of the collection and display of huge amounts of information that have no immediate relevance for actual decisions. In their study of the generally accepted accounting principles (GAAP) adoption in US states, they found that the states which implemented GAAP did not use GAAP information in making financial management decisions (Carpenter and Feroz, 1992). According to Ansari and Euske (1987), from the socio-political and institutional perspectives, the divergence between stated objectives and their implementation (or the discrepancy between the collection and use of information) is a reasonable means for gaining control internally and legitimacy externally.

### 3.9 LOOSE COUPLING

Loose coupling is central in organization theory, particularly in new institutionalism. The article written by Weick in 1976 clarified and expanded the definition of loose coupling in OT. Nevertheless, the great majority of studies have misinterpreted this concept (Orton and Weick, 1990) and this is confirmed by this systematic review of the literature. In this section the main aspects of loose coupling are reviewed (cf. Appendix 7 for further discussion) and then the insights coming from other papers included in the review are examined.

Defining loose coupling, Weick (1976: 3) stated: “coupled events are responsive, *but* each event also preserves its own identity and some evidence of its physical or logical separateness”. “The fact that elements are linked and preserve some degree of determinacy is captured by the word coupled; the fact that these elements are also subject to spontaneous changes and preserve some degree of independence and indeterminacy is captured by the modifying word loosely” (Orton and Weick, 1990: 204).

The concept of loose coupling, with its dialectical meaning, greatly contributes to the study of organizations. As reported in Weick (1976), Thompson (1967), to preserve both rationality and indeterminacy in the same system, separated their locations defining three organizational levels: technical core, institutional, and managerial. With the introduction of loose coupling it is possible to explain the simultaneous existence of rationality and indeterminacy without specializing these two logics in distinct locations. Moreover, it enables a better understanding of “the fluidity, complexity, and social construction of organizational structure: to study structure as something that organizations do, rather than merely as something they have” (Orton and Weick, 1990: 218).

Following a similar line of reasoning, three main points are made by Weick (1976) regarding the study of loose coupling: (1) the empirical observation of unpredictability is insufficient evidence for concluding that the elements in a system are loosely coupled; (2) people tend to over-rationalize their activities and to attribute greater meaning, predictability, and coupling among them than in fact they have; (3) the basic methodology point is that if one wishes to observe loose coupling, then he has to see

both what is and is not being done. Finally, the concept of loose coupling has, of course, practical implications for organizations: “the questions of what is available for coupling and decoupling within an organization is an eminently practical question for anyone wishing to have some leverage on a system” (Weick, 1976: 5).

Despite the definition and the reflections made on the concept of loose coupling, the majority of studies that have utilised it have done so in an inappropriate way, namely misunderstanding its main characteristics, particularly its dialectical nature (Orton and Weick, 1990). Asserting that a system is loosely coupled has often been associated with the absence of properties, rather than to the identification of specific properties and a specific history of the system. Moreover, some sets of organizations are routinely labelled as loosely coupled systems (e.g. schools, universities, hospitals) and loose coupling is described as a managerial failure. In Orton and Weick’s opinion, “these forms are not failed bureaucracies, but distinct organizational forms” (Orton and Weick, 1990: 219). An example of incorrect use of the concept of loose coupling can be found in the analysis of the different rationales offered by participants regarding accounting and management control practices in an area of the National Coal Board, in the U.K. (Berry et al., 1985). “A major impression of the research group was that the NCB manages its business through a vertically and horizontally decoupled management control system. Whilst parts are responsive to one another, relationships appear to be relatively infrequent, weak in terms of mutual effects, and slow in mutual response” (Berry et al., 1985: 14). While the concept of decoupling does not correspond to the one depicted by the authors, it can also be said, “when loose coupling is portrayed as decoupling, the diminished emphasis on connectedness, responsiveness, and interdependence dissolves the dialectic” (Orton and Weick, 1990: 207).

Orton and Weick (1990) have examined diverse applications of the concept of loose coupling, identifying five recurring voices that focus separately upon causation, typology, effects, compensations, and outcomes. Loose coupling has also been utilised in several papers included in this review of the literature. Accounting - in the form of devolved budgets – was found to facilitate loose coupling, by providing a consensus between, and a context for action that accommodated both institutional and technical demands. In his opinion, “loose coupling can be seen in the extent to which accounting control systems separate or accommodate external (legitimizing) and internal (purposive) standards of expected performance” (Collier, 2001: 468). In a study of GAO, evidence suggested that institutional pressures do incite symbolic displays of rational practice, but also go beyond merely cosmetic gestures to actually impact instrumental work processes. According to the authors, loose coupling is thus supported by the results (Dirsmith, Fogarty and Gupta, 2000). In his paper on the development of PMS in the Swedish university sector, Modell (2003) concluded that the evidence found leads to the need “to reconsider the conceptions of loose coupling as either a “given” feature of institutionalised organizations or an outcome of more pro-active resistance at the micro level prevailing in much earlier work in institutional theory” (Modell, 2003: 333). Finally, in an article on Norwegian healthcare, systematic decoupling was found between budgets and actuals (Pettersen, 1995).

To conclude, following the recommendations of Orton and Weick (1990), it is possible to argue that the simplification of unidimensionality in considering loose coupling can be avoided by: (1) not using research methodologies that encourage researchers to parse

dialectical concepts into unidimensional variables; (2) seeing systems as an arena for complex, ongoing processes; and (3) not ignoring the presence of connectedness within organizations. Furthermore, in contrast with the majority of studies performed, coupling might be considered as a dependent variable: “the prototypic question would be, given prior conditions such as competition for scarce resources, [...] what kind of coupling (loose or tight) among what kinds of elements occurs?” (Weick, 1976: 13).

### **3.10 INSTITUTIONALIZATION, POWER AND CONFLICTING RATIONALITIES**

The process of institutionalization and deinstitutionalization of systems, practices and techniques is central in both new institutional and resource dependence theory. The study of institutions, in fact, “must include not only institutions as a property or state of an existing social order, but also institutions as process, including the processes of institutionalization and deinstitutionalization” (Scott, 2001: 50). Nevertheless, most of new institutional scholars seem to have interpreted institutionalization as a relatively passive phenomenon, neglecting power and self-interest in terms of both societal and organizational actors. The process of institutionalization, in fact, “appears to be infused with power and self-interest both within the organization and in extra-organizational relations” (Covaleski and Dirsmith, 1988: 585).

Self-interest and power are important factors that influence whether or not institutional pressures for change are successful, and performance measurement systems are a significant component of the power system in an organization (Carpenter and Feroz, 1992; Ansari and Euske, 1987). Furthermore, the issues of loose coupling, decoupling and power appear to be closely intertwined, with the relative power of different interest groups conditioning the extent to which external imagery is decoupled from backstage processes. “What becomes institutionalized depends precisely on the power of the organizational actors’ translation and use of societal expectations” (Covaleski, Dirsmith and Michelman, 1993: 67). In contrast with early new institutional theory, Modell (2002) emphasised the significance of conflicting self-interests among organizational actors, arguing that intra-organizational power relationships play an important enabling or negating role in institutionally induced change processes.

An issue strongly related to the concepts of institutionalization, power and self-interest is the conflict between rationalities within organizations. According to Townley (2002), the identification of dimensions of rationality helps clarify the discrepancy between institutional factors that influence compliance, and content that militates against compliance. “The interplay between these dimensions provides the dynamic of institutional change. It also helps clarify what becomes institutionalized and how rationalized myths contribute to organizational homogenization and create resistance to change” (Townley, 2002: 176). Following Weber’s identification of different forms of rationality, she infers that substantive and practical rationality provide the structure of morality that sustains the basic framework for understanding action. Drawing on the evidence gathered in her study on museums, she concludes that this framework is disrupted by the theoretical and formal dimensions of business planning and performance measures (Townley, 2002).

A similar study focused on the reaction within GP practices in the UK to unwanted accounting-led changes. In this regard, the authors stated, “accounting-led changes are ones that do not sit easily with the interpretive schemes of clinicians and various strategies have been used to resist them” (Broadbent, Jacobs and Laughlin, 2001: 580). Looking at the budgetary control of hospitals, Pettersen (1995: 217), following March and Olsen (1989), observed that political decisions through budgets “represent the logic of consequentiality, whereas the physicians and the nurses represent the logic of appropriateness, legitimated by the patients' needs”. Finally, Berry et al. (1985) investigated the rationales offered by participants for the accounting and management control practices in which they are involved.

### **3.11 ISOMORPHISM**

The last theme to emerge from the systematic review of the literature is related to the concept of isomorphism (cf. Appendix 7), which has been briefly presented in chapter 1.4.1. Isomorphism was introduced and used to express the process of homogenization that takes place particularly between organizations belonging to the same organizational field. More specifically, isomorphism is a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions (DiMaggio and Powell, 1983).

There are two main types of isomorphism: competitive and institutional. Within this latter it is possible to identify three mechanisms of isomorphic change: coercive, mimetic and normative (cf. 1.4.1) (DiMaggio and Powell, 1983). These three types tend to derive from different conditions: political influence and the problem of legitimacy (coercive isomorphism), standard responses to uncertainty (mimetic), and professionalization (normative) (Mizruchi and Fein, 1999).

Although DiMaggio and Powell (1983) are the most widely quoted authors regarding isomorphism, Meyer and Rowan (1977) had already examined this concept, arguing that isomorphism makes organizations: (1) incorporate elements which are legitimated externally, rather than in terms of efficiency; (2) employ external or ceremonial assessment criteria to define the value of structural elements; and (3) the dependence on externally fixed institutions reduces turbulence and maintains stability. In the authors' opinion, institutional isomorphism promotes the success and survival of organizations (Meyer and Rowan, 1977). These reflections on isomorphism directly relate to the contraposition between efficiency and legitimacy, as depicted by new institutionalists (cf. 3.8). One of DiMaggio and Powell's main conclusions is that each of the institutional isomorphic processes can be expected to proceed in the absence of evidence that they increase internal organizational efficiency (DiMaggio and Powell, 1983). The distinction between competitive and institutional isomorphism reflects the dichotomy between efficiency and legitimacy as justifications or explanations for social action. “On one hand, rules of behaviour are argued to arise and organizations become more similar in competitive situations, to the extent that rules enable exchange processes to be undertaken efficiently. On the other hand, when resources are allocated authoritatively, rules of behaviour are argued to arise as a means of legitimating claims

to those resources. Organizations become similar in an effort to mirror the values held by those who control access to resources” (Etherington and Richardson, 1994: 143).

Two other interesting issues are associated with the use that has been made of isomorphism: the competitive side of this concept has been too often neglected, considering the institutional as the only kind of isomorphism; among the three types of institutional isomorphism, the discussion of mimetic isomorphism has received attention disproportionate to its role in the article (Mizruchi and Fein, 1999). Regarding the first concern, while competitive isomorphism is generally hardly ever considered, the issue of taking it into consideration when looking at public sector organizations has been raised. Carpenter and Feroz (2001), in fact, did not deem competitive isomorphism to be interesting for their study, because, according to them, this concept primarily relates to free and open market competition scenarios, and therefore it is not applicable to the analysis of public sector organizations. Regarding the second concern, not only have new institutional scholars focused too much on passive behaviour, but they have also overemphasised mimetic, rather than coercive and normative isomorphism (Mizruchi and Fein, 1999).

More empirical studies reviewed focused particularly on coercive and mimetic isomorphism. In a study of local government, the coercive role of central government has been examined. Although isomorphism, and the gaining of legitimacy, are frequently portrayed as co-existing conditions, the author demonstrates that legitimacy does not necessarily result from adopting widely accepted rational practices and argues that, in such circumstances, isomorphism may be halted (Bowerman, 2002). Carpenter and Feroz (1992) found evidence that powerful actors, pursuing their own political and economic interests, contributed to the sociological process of coercive isomorphism. In a study on budgetary practices during a period of organizational decline, Covaleski and Dirsmith (1988: 585) concluded, “the potential of coercion always lies behind extant norms of acceptable discourse and behaviour, such as budgeting”.

Regarding the second type of isomorphism, a regulatory agency was found to instil the basis of mimetic isomorphism within a state-owned monopoly to legally enforce the implementation of early cost and budgeting systems (Carmona and Macias, 2001). In an article focused on the implementation of PMS in cultural organizations, the authors found that “although the original intention had been that each department would design a system which would meet its own needs, the potential for variety and diverse systems and measures was undermined through a tendency for departments to copy other departments, or to seek out experts or authority figures who would provide standard packages and advice. [...] A corollary of standardization and homogenization was simplification” (Townley, Cooper and Oakes, 2003: 1057). Finally, Townley (2002) inferred that, although there was compliance or acquiescence with coercive isomorphism, there was resistance to mimetic isomorphism, in the sense that the private sector model to be applied in the public organization considered was explicitly rejected.



## **PART IV – CONCLUSIONS**

This part reflects on the insights gained through the systematic review of the literature. First of all, the relevance of this SLR is clearly stated, particularly regarding other reviews and the researcher's wider subject of interest. Second, the main findings of this review are summarized, following the discussion of the different themes identified in part III. Third, a first attempt to bridge the gap between "theoretical" and "applied" bodies of literature is made. In so doing, it will be possible to better understand the relevance of new institutional and resource dependence theory in the subject of performance measurement in the public sector. Fourth, drawing on the papers reviewed, various possibilities for further research are proposed. Finally, the main limitations of this SLR and some personal reflections on the kind and role of this literature review in the researcher's wider PhD research are briefly discussed.

### **4.1 RELEVANCE OF THIS DISSERTATION**

The systematic literature review has focused on the use of two OT – new institutional and resource dependence – in the field of performance measurement in the public sector. The main result of this SLR is that these theories have been very rarely applied to this subject, despite their possible contribution to better explain and understand a wide variety of issues. Given the limited use of these OT, the number of gaps and the possibilities for further research are very high (cf. 4.4).

Another interesting contribution made by this SLR can be found by looking at the literature reviews previously carried out on related topics (no review could be identified on this same subject). Five reviews have been included in this SLR: Scott (1987), Mizruchi and Fein (1999), Scott (2001), Covalleski, Dirsmith and Samuel (1996), and Modell (2002). The first three relate mainly to new institutional theory, therefore they do not deal particularly with performance measurement or with issues concerning public sector organizations. The remaining two explain the use of various theories in the subjects of management accounting and cost allocation.

Scott's book (2001) is "basically a terrific review of the theory - clearly written, very balanced and inclusive in its treatment of the theory, and in my opinion the very best out there on institutional theory" (Christine Oliver, private communication). This work is fundamental indeed, because it reviews the theoretical foundations and general characteristics of new institutional theory; nevertheless, it tends to deal mostly with theoretical aspects and it does not focus much on performance measurement and related subjects of interest. Another article by the same author (Scott, 1987) proved to be relevant, but it shows the same general characteristics of the book; in fact, although its purpose is to review the theoretical and empirical contributions to new institutional theory, few applied articles are quoted. The third review to be considered examines "the fate of a classic article in organizational theory, DiMaggio and Powell's 1983 essay on institutional isomorphism" (Mizruchi and Fein, 1999: 653). This article is crucial to the understanding how the concept of isomorphism has been used in a variety of contexts, but it does not focus specifically on PM.

Relating more to performance measurement, Covaleski, Dirsmith and Samuel (1996) examined the insights offered by organizational and sociological theories to management accounting, in contrast to more traditional perspectives. Since many theories are taken into consideration, the review is very interesting, but, given its breadth, it does not investigate these approaches in depth. Finally, Modell (2002) draws on new institutional theory, attempting to integrate prior research evidence of the institutional influence on cost allocation practices into an analytical framework. This article is also very interesting, but its subject, although related to PM, does not correspond directly to performance measurement.

One interesting aspect revealed by reviewing the literature is that the references to new institutional and/or resource dependence theory are very often the same. Authors using these perspectives, in fact, tend to refer to just a few fundamental articles and books where the main concepts of these OT are defined. Empirical articles, for example, are much more rarely considered. This systematic literature review showed that some applied studies have been carried out and future work should take them into account, if progress in both theory and practice is to be made. Particularly regarding this last aspect, almost none of the included articles are prescriptive. They tend, in fact, to just describe situations and do not attempt to be relevant to practice. This is, of course, in sharp contrast to the characteristics of more applied approaches.

## 4.2 MAIN FINDINGS

In this section the main findings of the systematic review are summarized, following the discussion of the themes identified in part III. The most relevant conclusions relate to: the existence of two bodies of literature and the possibility of bridging them; the use of two organization theories in the field of performance measurement, particularly in the case of public sector organizations; the type of strategic responses that can be given to institutional pressures; the importance and the use of concepts like efficiency, effectiveness, legitimacy, isomorphism, loose coupling, institutionalization, power, self-interest, and conflicting rationalities within organizations; reflections concerning methods, methodologies and levels of analysis.

Nine main conclusions can be drawn, as discussed below:

- 1- The review strongly confirmed what had been found in the scoping study and provided more evidence concerning the existence of two different approaches. The main criticism made of the “applied” approach is that practical issues are considered, but theories are very often neglected and remarks are almost never made on a general level; conversely, the “theoretical” approach rarely deals with practical aspects and authors seem not to be very concerned about the relevance of their studies to practitioners. Despite their dissimilarities, this dissertation showed that they could be utilised conjointly and that the subject of performance measurement could strongly benefit from the use of two organization theories - new institutional and resource dependence. Furthermore, although the complementary nature of different perspectives is sometimes acknowledged, empirical research, where the use of theory is made, typically draws on a single theoretical approach in explaining particular cases of organization behaviour and structure. The combination of resource dependence and new institutional

perspectives allows a much fuller explanation of various issues related to the subject of PM in PSO, than could have been provided by either perspective independently or by using none of them. Furthermore, the use of a third OT (network theory) seems promising particularly to study phenomena related to the public sector, given the strong links existing between PSO belonging to the same organizational field.

- 2- Few studies where performance measurement in public sector organizations has been examined using the two suggested OT have been found. Performance measurement systems have been considered mainly as: enablers of data acquisition, analysis and dissemination; servers of both objective and symbolic functions; and drivers of behaviour. In the next section (4.3) more details are provided, in an attempt to bridge the two bodies of literature.
- 3- Public and private sectors show various differences and specificities. The majority of reflections on the dissimilarities between public and private sectors consider the possibility of responding strategically to institutional pressures. Both empirical and theoretical papers support the conclusion that organizations in the public sector can behave strategically. The general assumption of early new institutionalists that their only possibility is to comply with regulations is thus falsified. Furthermore, the analysis of the environment and the roles of management (i.e. the possibility of managers to behave pro-actively and strategically), together with the framework and hypotheses developed by Oliver (1991) and the studies that have made use of it can provide a very strong basis for the study of strategic responses to institutional pressures in a public sector context.
- 4- Relevance of the concepts of efficiency, effectiveness and legitimacy, and their mutual relationships to explain a wide variety of issues related to the subject of PM. In order to study this latter aspect, particularly interesting insights have been achieved by looking at the temporal aspects associated to the adoption and development of performance measurement systems.
- 5- The concept of loose coupling and the use that has been made of it, also in the performance measurement literature. The relevance of loose coupling is high, but the majority of studies seem to have misinterpreted it (Orton and Weick, 1990), as confirmed by this systematic review of the literature.
- 6- The phenomenon of institutionalization and its connections with power and self-interest within and without organizations. Self-interest and power are important factors that influence whether or not institutional pressures for change are successful and performance measurement systems are a significant component of the power system in an organization. Furthermore, an issue strongly related to the concepts of institutionalization, power and self-interest is the conflict between rationalities inside organizations.
- 7- The relevance of isomorphism, particularly in the public sector. The distinction between competitive and institutional isomorphism reflects the dichotomy between efficiency and legitimacy as justifications or explanations for social action. Through this concept it is possible to structure a framework that takes into account coercive forces (consistent with resource dependence theory),

mimetic processes (more related to the core of new institutionalism), and normative isomorphism, which can be seen as a network influence.

- 8- Interesting reflections have been made regarding the research level of analysis: most of the authors examined, who have adopted a new institutional perspective, have carried out cases on an organizational field level. Nevertheless, criticism has been made and different levels of analysis have been advocated, particularly to take into account intra-organizational processes and forces, and not just inter-organizational ones.
- 9- Finally, interesting contributions have been made in relation to methods and methodologies. In the papers reviewed, authors showed a strong preference to case studies, rather than surveys and questionnaires, and to qualitative, rather than quantitative analysis. This is in contrast with the more practitioner-focused type of studies where quantitative approaches are more widespread. Moreover, a variety of less conventional methods and methodologies have been advocated.

### **4.3 STARTING TO BRIDGE THE GAP**

In this review of the literature a gap between the theoretical and the applied literature in the field of PM has been discovered. It is not argued that either of those streams is more or less important, however, what is argued for is convergence. As it stands, these two streams of literature are isolated, and few authors have managed to build connections between them. It is believed that by creating new knowledge that is firmly grounded in theoretical knowledge, and at the same time relevant to practice, it is possible to bridge these streams and further the knowledge of this field. Without a theoretical lens it is difficult, if not impossible, to interpret findings in the applied literature.

This dissertation has specifically discussed the use that has been and could be made of new institutional and resource dependence theory. Many applied papers have highlighted issues relating to purpose, characteristics and utilisation of an organisation's performance measurement system, such as: the weakness of the relationship between PM, organisational mission and strategy (Berman, 2002, Behn, 2003); the inadequacy of the information system and of the competencies of the people involved in performance measurement (Berman and Wang, 2000, Halachmi and Bouckaert, 1994, Birkett, 1992); or the low level of commitment shown by managers during the development of a PMS (Cavalluzzo and Ittner, 2004). Applying these theories might allow researchers to gain improved insights into the issues outlined above using concepts such as: institutional pressures and strategic responses; normative, coercive and mimetic isomorphism; rationalised myths and ceremonial conformity; conflicting demands, acquisition of resources and interdependence. The existence of conflicting demands and pressures from institutions strongly influences the development of a PMS, particularly in a public sector context. Political influence and, at the same time, the attempt to gain legitimacy to ensure a sufficient level of critical resources for the organisation, play a fundamental role (Greeney and Gray, 1994). Once legitimacy is achieved, new institutionalists claim, the organisation will focus on its practical activities, neglecting the techniques and tools that do not contribute to it. Therefore, if certain measures, or the whole PMS, are imposed on a PSO, the commitment demonstrated by managers might be strong in the beginning of the PMS development but might progressively decline once the

compliance with institutional requirements has ensured the survival of the organisation (McKevitt et al., 2000).

New Institutional and Resource Dependence theories also relate to the issues of stakeholder involvement, design and use of BPM systems. Resource dependence, legitimacy and loose coupling (Weick, 1976; Orton and Weick, 1990) help achieve a better understanding of this issue. The insufficient involvement of relevant stakeholders in the development of PMS, and the compliance with regulations that are often at odds with organisational efficiency and effectiveness are strongly related to the need of financial resources and the power of the organisation relatively to institutions and stakeholders. Various articles have emphasised the discrepancy between the collection of massive amounts of PM data and the use that is subsequently made (Carpenter and Feroz, 2001), which is a particularly big issue in public sector organisations (Propper and Wilson, 2003). Organisational theorists have often described this difference between external and internal behaviour with the concept of loose coupling/de-coupling and the contraposition between legitimacy and efficiency (Meyer and Rowan, 1977).

The reflections presented here are just a preliminary attempt to bridge the two bodies of literature. In the third part of this dissertation we have outlined some of the endless possibilities of how to apply the theories discussed in applied research. The researcher therefore advocates and encourages future research to build on OTs, in order to improve the understanding of the subject of performance measurement, in general, and particularly related to public sector organizations.

#### **4.4 POSSIBILITIES FOR FURTHER RESEARCH**

Apart from the general suggestion about the use of theory in the field of PM, specific implications for further research have been found by systematically reviewing the literature. In order to structure the discussion regarding the possibilities for further research, five major streams are identified. The first relates to new institutionalism both in general and applied to PM in PSO, while the second deals specifically with the types of responses to institutional pressures. The third and fourth concern three concepts that have been widely discussed in this dissertation, i.e. legitimacy, efficiency and loose coupling. Finally, some research questions regarding the differences between public and private organizations, particularly when privatisation is taking place in an organizational field, are discussed.

The majority of suggestions for further research relate to the necessity to complement new institutional theory with resource dependence theory, or, at least, to incorporate elements that take into consideration the possibility of strategic choice and aspects related to power and self-interest in both inter- and intra-organizational contexts. Abernethy and Chua (1996), for example, asked for more explicit consideration of the relative role of strategic choice, power, interest and environmental constraint on organizational control mix design. Moreover, "at an institutional level of analysis, institutional theory can be improved by adopting a model that recognizes ambiguous, complex and conflicting organizational fields, each composed of actors, whose power over legitimating processes or resources may cause conflict where interests do not

coincide. Power may result in resistance and conflict, but power should not be seen only as a negative influence” (Collier, 2001: 483).

Regarding the institutionalization of systems, practices and techniques, Covaleski and Dirsmith (1993) advocated studies where institutionalization was considered as an ongoing process rather than as an outcome, namely to focus on “the complex recursive processes by which institutional forces both shape and are shaped by organizational actions” (Scott, 2001: 179). More attention should be also paid to the relations between institutional and technical environments: in this sense, more empirical studies of how isomorphic pressures interact with intra-organizational and technical factors are required (Modell, 2002). While these issues are related to new institutional theory particularly in relation to PM, Scott (2001) provides a very comprehensive list of issues for further research for new institutionalism in general.

Regarding the subject of strategic responses to institutional pressures, in this dissertation Oliver’s framework and hypotheses (Oliver, 1991) have been presented, as well as the empirical studies that have utilised it. Future empirical studies should take this into account, modifying the framework (if necessary), testing the hypotheses, and addressing also the criticisms that have been made. For example, the conflict between the three institutional “pillars” (Scott, 2001) - normative, regulative and cognitive – should be taken into account in studying a process of change, such as the development of PMS (Broadbent, Jacobs and Laughlin, 2001). Furthermore, as Dirsmith, Fogarty and Gupta (2000) have argued, little is known about the way instrumental work processes and the symbolic display of rational organizational practice in response to institutional pressures relate to one another. The consequences of resistant strategies, in particular for organisational efficiency and effectiveness, as well as the reasons of conformity or resistance should be also investigated (Oliver, 1991). Finally, looking at more temporal aspects related to organizational responses to institutional pressures, it would be important to understand whether the same factors that affect early responses to new standards also affect the pace of adoption of those standards, and if different logics for adopting new practices and differences in market competitiveness lead to heterogeneous adoption patterns (Casile and Davis-Blake, 2002).

This last reflection relates also to the interconnection between legitimacy, efficiency and effectiveness, an issue which has not been sufficiently addressed in an empirical sense. Most new institutional scholars have assumed that practices designed to secure external legitimacy are only symbolic and always decoupled from internal operating systems (Abernethy and Chua, 1996). The possibility of attaining legitimacy and the ways in which it could be done have also been studied in insufficient depth (Bowerman, 2002). Furthermore, although distinctions have been made regarding the different types of legitimacy, the articles that dealt with more empirical phenomena seem not to have taken this into consideration. Empirical research on the use and effectiveness of various legitimacy-management strategies should be carried out (Suchman, 1995), as well as on the speed of implementation and how this might affect the consequences of adoption and conformity (Westphal, Gulati and Shortell, 1997). Finally, “whether substantial decoupling undermines organizational legitimacy, who the key audiences for organizational appearances are, and the relation between technical and institutional

factors, are key issues that remain unsettled in new institutionalist research” (Carruthers, 1995: 313).

The concept of loose coupling has emerged while carrying out the systematic literature review, together with the ones of legitimacy and efficiency. Interestingly, since this concept has been misunderstood in the majority of cases (Orton and Weick, 1990), it has not been possible to find papers that utilised it taking into account its dialectical nature. It has been argued, in fact, that new institutional theory “needs to develop conceptions of loose coupling, not as a black box, but as a set of mechanisms, which warrant description and interpretation” (Collier, 2001: 483). It is also very important to attend adequately to the linkages among characteristics of organizations (e.g., context and structure) and organization performance (Ford and Schellenberg, 1982). Further research could start by answering questions, such as: What elements in an organization are loosely coupled? What domains are they coupled on? What are the characteristics of the couplings and decouplings? (Orton and Weick, 1990) In this sense, unpredictability (loose coupling) should be treated as topic of interest rather than as nuisance (Weick, 1976).

Another very important issue, strongly related to PM in the public sector, concerns the differences between public and private organizations, particularly when privatisation is taking place in an organizational field. In this case it would be interesting to understand if these two types of organizations differ in the way they respond to institutional pressures and if it is possible to achieve normative consistency in such environments (Casile and Davis-Blake, 2002). Furthermore, empirical studies could examine how the introduction of private firms into a public sector field increases the heterogeneity of responses to change in that field associated to the development of performance measurement systems. Finally, it would be interesting to understand what the likelihood is that certain PMS adopted in the public sector become institutionalized in the private sector as well and the effects of the diffusion pattern of the methods across sectors (Roy and Seguin, 2000).

Most of the suggestions for further research reported in this section require longitudinal cases or, at least, methods that take temporal dimensions into account, avoiding the static nature of most of the research that has been carried out so far in the field of performance measurement (Ansari and Euske, 1987).

#### **4.5 LIMITATIONS, PERSONAL REFLECTIONS AND FURTHER STEPS**

Some limitations are associated to this study: the ones related to the systematic literature review process have been previously examined (cf. part II); here further comments are made in this sense. Finally, some personal reflections regarding this SLR and the importance of this dissertation for the researcher’s PhD research are briefly presented.

To perform the systematic literature review, theoretical bases were required in order to understand more empirical contributions, because of the use of theoretical concepts and constructs made by the authors and the continuous reference to some fundamental

articles or books. To include the most significant and helpful papers, the researcher had to rely heavily on the suggestions coming from the academic panel and on the analysis of the references used in the papers that passed the selection criteria. Although the researcher is confident in the completeness of the material included, given the inputs received by the highly qualified academic panel, and the thorough analysis of the references, some limitations may come from not having included some theoretical material.

The researcher recognizes that his previous knowledge of the field and his personal preferences have influenced the way the SLR was devised and carried out. Having a background in physical sciences, it was often hard to understand (and sometimes to accept) the approach used in most of the material reviewed. The presence neither of prescriptive nor normative statements, nor of personal opinions expressed by the authors was hard to comprehend, as well as the way technology was dealt with, namely with an indeterminacy that was unusual to the researcher. It is possible to understand the reasons related to these, but it is still very much believed that more has to be done by theorists in order to inform and influence practice, even if this is not an easy task. Furthermore, in many interesting papers data are used to assess the validity of theoretical statements and if the theory could be possibly expanded. Nevertheless, although empirical evidence is provided, the relevance for practice and practitioners is almost always neglected. It is almost as if the empirical world were something where it is possible to test theories, rather than having theories that are conceived to be useful for that world.

The relevance of this dissertation in comparison to previous reviews has been previously examined (cf. 4.1). This dissertation is also very significant in relation to the researcher's PhD research. The review of the literature has allowed the theoretical basis of the whole research to be established and also identified a substantial number of gaps and possibilities for further research (cf. 4.4). The systematic nature of the review has made the process transparent, allowing the reader to assess the study results from a more informed perspective. Furthermore, the bias that the researcher has unavoidably introduced has been kept under a reasonable control.

In terms of further steps, a theoretical framework will be structured following the insights gained through the literature review, integrating the main contributions in network theory. This OT, in fact, seems promising particularly to study phenomena related to the public sector, given the strong links existing between PSO belonging to the same organizational field. The combination of the three OT will provide the research with a strong background that will be fundamental when empirical data is collected. In this sense, the reflections reported regarding methods and methodologies will also be very valuable. These reviews of theoretical contributions will be then related to the more empirical kind of literature the researcher is already familiar with, but that will be surely expanded.

The final theoretical framework will be then tested in a substantial number of organisations belonging to one or more public sub-sectors, both in the UK and in a broader European context.



## **APPENDICES**

## APPENDIX 1 – REFERENCE LIST

1. Abernethy, M. A. and Chua, W. F. (1996), 'A field study of control system "redesign": The impact of institutional processes on strategic choice', *Contemporary Accounting Research*, Vol. 13, No. 2, pp. 569-606.
2. Ammons, D.N. (1995), 'Overcoming the inadequacies of performance-measurement in local-government - the case of libraries and leisure services', *Public Administration Review*, Vol. 55, No. 1, pp. 37-47.
3. Ammons, D.N. (1999), 'A proper mentality for benchmarking', *Public Administration Review*, Vol. 59, No. 2, pp. 105-109.
4. Ansari, S. and Euske, K. J. (1987), 'Rational, rationalizing, and reifying uses of accounting data in organizations', *Accounting, Organizations and Society*, Vol. 12, No. 6, pp. 549-570.
5. Behn, R.D. (2003), 'Why measure performance? Different purposes require different measures', *Public Administration Review*, Vol. 63, No. 5, pp. 586-606.
6. Berman, E. (2002), 'How useful is performance measurement', *Public Performance & Management Review*, Vol. 25, No. 4, pp. 348-351.
7. Berman, E. and Wang, X. (2000), 'Performance measurement in U.S. counties: Capacity for reform', *Public Administration Review*, Vol. 60, No. 5, pp. 409-420.
8. Berry, A. J., Capps, T., Cooper, D., Ferguson, P., Hopper, T., and Lowe, E. A. (1985), 'Management control in an area of the NCB: Rationales of accounting practices in a public enterprise', *Accounting, Organizations and Society*, Vol. 10, No. 1, pp. 3-28.
9. Birkett, W.P. (1992), 'A question of competence', *Australian Accountant*, Vol. 62, No. 8, pp. 35-36.
10. Blaikie, N. (1993), *Approaches to social enquiry*, Cambridge MA: Polity Press.
11. Boland, Jr. R. J. and Pondy, L. R. (1983), 'Accounting in organizations: A union of natural and rational perspectives', *Accounting, Organizations and Society*, Vol. 8, No. 2-3, pp. 223-234.
12. Bourgault, J. and Tremblay, Y. (1994), 'Performance management at the crossroads - Between rigor and laxity', *Canadian Public Administration-Administration Publique Du Canada*, Vol. 37, No. 4, pp. 547-572.
13. Bowerman, M. (1995), 'Auditing performance indicators: The role of the Audit Commission in the Citizen's Charter Initiative', *Financial Accountability & Management*, Vol. 11, No. 2, pp. 171-183.
14. Bowerman, M. (2002), 'Isomorphism without legitimacy? The case of the business excellence model in local government', *Public Money & Management*, Vol. 22, No. 2, p. 47-52.
15. Boyne, G., Gould-Williams, J., Law, J. and Walker, R. (2002), 'Plans, performance information and accountability: the case of Best Value', *Public Administration*, Vol. 80, No. 4, pp. 691-710.
16. Brignall, S. and Modell, S. (2000), 'An institutional perspective on performance measurement and management in the 'New Public Sector'', *Management Accounting Research*, Vol. 11, No. 3, pp. 281-306.
17. Broadbent, J., Jacobs, K., and Laughlin, R. (2001), 'Organisational resistance strategies to unwanted accounting and finance changes: The case of general medical practice in the UK', *Accounting, Auditing & Accountability Journal*, Vol. 14, No. 5, p. 565-586.
18. Brunsson, N. (1989), *The Organization of Hypocrisy*, New York, John Wiley.
19. Carmona, S. and Macias, M. (2001), 'Institutional pressures, monopolistic conditions and the implementation of early cost management practices: The case of the Royal Tobacco Factory of Seville (1820-1887)', *Abacus*, Vol. 37, No. 2, p. 139-165.

20. Carpenter, V. and Covaleski, M. (1995), 'The development and diffusion of financial reporting practices in the public sector', *International Journal of Public Administration*, Vol. 18, No. 8, pp. 1209-1241.
21. Carpenter, V. and Feroz, E. (1992), 'GAAP as a symbol of legitimacy: New York State's decision to adopt generally accepted accounting principles', *Accounting, Organizations and Society*, Vol. 17, No. 7, p. 613-643.
22. Carpenter, V.L. and Feroz E H (2001), 'Institutional theory and accounting rule choice: An analysis of four US State governments' decisions to adopt generally accepted accounting principles', *Accounting, Organizations and Society*, Vol. 26, No. 7-8, pp. 565-596.
23. Carruthers, B. G. (1995), 'Accounting, ambiguity, and the new institutionalism', *Accounting, Organizations and Society*, Vol. 20, No.4, pp. 313-328.
24. Casile, M. and Davis-Blake, A. (2002), 'When accreditation standards change: Factors affecting differential responsiveness of public and private organizations', *Academy of Management Journal*, Vol. 45, No. 1, pp. 180-195.
25. Cavalluzzo, K.S. and Ittner, C.D. (2004), 'Implementing performance measurement innovations: Evidence from government', *Accounting, Organizations and Society*, Vol. 29, No. 3-4, pp. 243-267.
26. Chen, Y.-C. and Perry, J. (2003), 'Outsourcing for e-government: Managing for success', *Public Performance & Management Review*, Vol. 26, No. 4, pp. 404-421.
27. Christensen, M. and Yoshimi, H. (2001), 'A two-country comparison of public sector performance reporting: The tortoise and the hare?', *Financial Accountability & Management*, Vol. 17, No. 3, pp. 271-289.
28. Collier, P. (2001), 'The power of accounting: A field study of local financial management in a police force', *Management Accounting Research*, Vol. 12, No. 4, p.465-486.
29. Covaleski, M. A. and Dirsmith, M. W. (1988), 'An institutional perspective on the rise, social transformation, and fall of a university budget category', *Administrative Science Quarterly*, Vol. 33, No. 4, pp. 562-587.
30. Covaleski, M. A., Dirsmith, M. W., and Michelman, J. E. (1993) 'An institutional theory perspective on the DRG framework, case-mix accounting systems and health-care organizations', *Accounting, Organizations and Society*, Vol. 18, No. 1, p.65-80.
31. Covaleski, M.A., Dirsmith, M.W. and Samuel S. (1996), 'Managerial accounting research: The contributions of organizational and sociological theories', *Journal of Management Accounting Research*, Vol. 8, No. 1, pp. 1-35.
32. Dacin, M.T., (1997), 'Isomorphism in context: The power and prescription of institutional norms', *Academy of Management Journal*, Vol. 40, No. 1, pp. 46-81.
33. De Lancer Julnes, P. and Holzer, M. (2001), 'Promoting the utilization of performance measures in public organizations: An empirical study of factors affecting adoption and implementation', *Public Administration Review*, Vol. 61, No. 6, pp. 693-708.
34. Di Francesco, M. (1999), 'Measuring performance in policy advice output: Australian developments', *The International Journal of Public Sector Management*, Vol. 12, No. 5, pp. 420-431.
35. DiMaggio, P.J. and Powell, W.W. (1983), 'The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields', *American Sociological Review*, Vol. 48, pp. 147-160.
36. Dirsmith, M. W., Fogarty, T. J., and Gupta, P. (2000), 'Institutional pressures and symbolic displays in a GAO context', *Organization Studies*, Vol. 21, No. 3, pp. 515-537.
37. Dobbmeyer, T.W., Woodward, B. and Olson, L. (2002), 'Factors supporting the development and utilization of an outcome-based performance measurement system in a chemical health case management program', *Administration in Social Work*, Vol. 26, No. 4, pp. 25-44.

38. Eshima, Y., Katayama, T. and Ohno, T. (2001), 'Public management innovation in Japan: Its characteristics and challenges', *International Review of Administrative Sciences*, Vol. 67, No. 4, pp. 699-714.
39. Etherington, L. and Richardson, A. (1994), 'Institutional pressures on university accounting education in Canada', *Contemporary Accounting Research*, Special Education research issue, pp. 141-162.
40. Ford, J. D. and Schellenberg, D. A. (1982), 'Conceptual issues of linkage in the assessment of organizational performance', *Academy of Management Review*, Vol. 7, No. 1, p. 49-58.
41. Franco-Santos, M., Marr, B., Martinez, V., Gray, D., Adams, C., Micheli P., Bourne, M., Kennerley, M., Mason, S. and Neely, A. (2004), 'Towards a definition of a business performance measurement system', (unpublished working paper), Cranfield School of Management, UK.
42. Fuller, D. and Roffey, B. (1993), 'Improving public-sector accountability and strategic decision-making', *Australian Journal of Public Administration*, Vol. 52, No. 2, pp. 149-163.
43. Geiger, D. R. and Ittner, C. D. (1996), 'The influence of funding source and legislative requirements on government cost accounting practices', *Accounting, Organizations and Society*, Vol. 21, No. 6, pp. 549-567.
44. Grant, B. (1990), 'Measuring performance in the public sector', *Management Accounting*, Vol. 68, No. 8, pp. 58-59.
45. Gray, B. and Ariss, S. S. (1985), 'Politics and strategic change across organizational life', *Academy of Management Review*, Vol. 10, No. 4, pp. 707-723.
46. Greening, D. and Gray, B. (1994), 'Testing a model of organizational response to social and political issues', *Academy of Management Journal*, Vol. 37, No. 3, pp. 467-498.
47. Hackman, J. D. (1985), 'Power and centrality in the allocation of resources in colleges and universities', *Administrative Science Quarterly*, Vol. 30, pp. 61-77.
48. Halachmi, A. (2002), 'Performance measurement, accountability, and improved performance', *Public Performance & Management Review*, Vol. 25, No. 4, pp. 370-374.
49. Halachmi, A. and Bouckaert, G. (1994), 'Performance measurement, organizational technology and organizational design', *Work Study*, Vol. 43, No. 3, pp. 19-25.
50. Hart, C. (1998), *Doing a literature review: Releasing the social science research imagination*, Sage, UK.
51. Hatry, H. P. (1996), 'Tracking the quality of services'. In J.L. Perry (Ed.), *Handbook of public administration* (2<sup>nd</sup> Ed., pp. 537-554). San Francisco: Jossey-Bass.
52. Heinrich, C. J. (2002), 'Outcomes-based performance management in the public sector: Implications for government accountability and effectiveness', *Public Administration Review*, Vol. 62, No. 6, pp. 712-725.
53. Hennessey, J.T. (1998), '"Reinventing" government: Does leadership make the difference?', *Public Administration Review*, Vol. 58, No. 6, pp. 522-532.
54. Hills, F. S., and Mahoney, T. (1978), 'University budgets and organizational decision making', *Administrative Science Quarterly*, Vol. 23, pp. 61-77.
55. Hirschmann, D. (2002), 'Thermometer or sauna? Performance measurement and democratic assistance in the United States Agency for International Development (Usaid)', *Public Administration*, Vol. 80, No. 2, pp. 235-255.
56. Hoggett, P. (1996), 'New modes of control in the public service', *Public Administration*, Vol. 74, No. 1, pp. 9-32.
57. Hood, C. (1991), 'A public management for all seasons?', *Public Administration*, Vol. 69, No. 1, pp. 3-19.

58. Hood, C., James, O., Jones, G., Scott, C. and Travers, T. (1998), 'Regulation inside government: Where new public management meets the audit explosion', *Public Money & Management*, Vol. 18, No. 2, pp. 61-68.
59. Hyndman, N.S. and Eden, R. (2002), 'Executive agencies, performance targets and external reporting', *Public Money & Management*, Vol. 22, No. 3, pp. 17-24.
60. Jackson, P.M. (1993), 'Public service performance evaluation: A strategic perspective', *Public Money & Management*, Vol. 13, No. 4, pp. 9-14.
61. Johnsen, A. (1999), 'Implementation mode and local government performance measurement: A Norwegian experience', *Financial Accountability and Management*, Vol. 15, No. 1, pp. 41-66.
62. Kaplan, R.S. and Norton, D.P., (1992), 'The Balanced Scorecard - Measures that drive performance', *Harvard Business Review*, Vol. 70, No. 1, pp. 71-79.
63. Kaplan R. S. and Norton D.P. (1996), 'Using the Balanced Scorecard as a strategic management system', *Harvard Business Review*, Vol. 74, No. 1, pp. 75-85.
64. Keenan, J. (2000), 'Just how new is Best Value?', *Public Money & Management*, Vol. 20, No. 3, pp. 45-49.
65. Kelly, J.M. and Swindell, D. (2002), 'A multiple-indicator approach to municipal service evaluation: Correlating performance measurement and citizen satisfaction across jurisdictions', *Public Administration Review*, Vol. 62, No. 5, pp. 610-621.
66. Kouzmin, A., Loffler, E., Klages, H. and Korac-Kakabadse, N. (1999), 'Benchmarking and performance measurement in public sectors. Towards learning for agency effectiveness', *The International Journal of Public Sector Management*, Vo. 12, No. 2, pp. 121-144.
67. Lane, Jan-Erik, (1993), *The public sector – concepts, models and approaches*, Sage Publications.
68. Lapsley, I. and Pallot, J. (2000), 'Accounting management and organizational change: A comparative study of local government', *Management Accounting Research*, Vol. 11, No. 2, pp. 213-229.
69. Lawton, A., McKeivitt, D. and Millar, M. (2000), 'Coping with ambiguity: Reconciling external legitimacy and organizational implementation in performance measurement', *Public Money & Management*, Vol. 20, No. 3, pp. 13-19.
70. Lev, B. (2001), *Intangibles: management, measurement, and reporting*, The Brookings Institution, Washington DC.
71. Lynch, R.L. and Cross, K.F. (1990), *Measure up! Yardstick for continuous improvement*, Blackwell Inc., Cambridge, Mass.
72. March, J. G. and Olsen, J. P. (1989), *Rediscovering institutions: The organizational basis of politics*, New York: Free Press.
73. Martin, S. and Davis, H. (2001), 'What works and for whom? The competing rationalities of 'Bestvalue'', *Policy and Politics*, Vol. 29, No. 4, pp. 465-475.
74. McAdam, R. and Bailie, B. (2002), 'Business performance measures and alignment impact on strategy: The role of business improvement models', *International Journal of Operations & Production Management*, Vol. 22, No. 9, pp. 972-996.
75. McKeivitt, D. and Lawton, A. (1996), 'The manager, the citizen, the politician and performance measures', *Public Money & Management*, Vol. 16, No. 3, pp. 49-54.
76. McKeivitt, D., Millar, M. and Keogan, J.F. (2000), 'The role of the citizen-client in performance measurement: The case of the street level public organization (Slpo)', *International Review of Administrative Sciences*, Vol. 66, No. 4, pp. 619-636.
77. Meyer, J.W. and Rowan, B. (1977), 'Institutionalized organizations: Formal structure as myth and ceremony', *American Journal of Sociology*, Vol. 83, No. 3, pp. 340-363.

78. Micheli P. and Kennerley M. (2004), 'Performance measurement in public sector organizations: A new institutional theory perspective', Paper presented at the EIASM conference, Lofoten Islands, Norway.
79. Micheli P., Franco, M., Marr, B. and Bourne, M. (2004), 'Business performance measurement – An organisational theory perspective', Paper presented at the PMA conference, Edinburgh, UK.
80. Mizruchi, M. S. and Fein, L. C. (1999), 'The social construction of organizational knowledge: A study of the uses of coercive, mimetic, and normative isomorphism', *Administrative Science Quarterly*, Vol. 44, No. 4, pp. 653-683.
81. Modell, S. (2001), 'Performance measurement and institutional processes: A study of managerial responses to public sector reform', *Management Accounting Research*, Vol. 12, No. 4, pp. 437-464.
82. Modell, S. (2002), 'Institutional perspectives on cost allocations: Integration and extension', *European Accounting Review*, Vol. 11, No. 4, pp. 653-679.
83. Modell, S. (2003), 'Goals versus institutions: The development of performance measurement in the Swedish university sector', *Management Accounting Research*, Vol. 14, No. 4, pp. 333-359.
84. Neely, A. (1998), *Measuring business performance: Why, what and how*, Economist Books, London.
85. Neely, A., Adams, C. and Kennerley, M. (2002), *The Performance Prism: The scorecard for measuring and managing business success*. Financial Times Prentice Hall, London.
86. Oliver, C. (1991), 'Strategic responses to institutional processes', *Academy of Management Review*, Vol. 16, No. 1, pp. 145-179.
87. Orton, J.D. and Weick, K.E. (1990), 'Loosely coupled systems: A reconceptualization', *Academy of Management Review*, Vol. 15, No. 2, pp. 203-223.
88. Pettersen, I. (1995), 'Budgetary control of hospitals - Ritual rhetorics and rationalized myths', *Financial Accountability & Management*, Vol. 11, No. 3, pp. 207-221.
89. Pfeffer, J. and Salancik, G. R. (1978), *The external control of organizations: A resource dependence perspective*. New York: Harper and Row.
90. Poister, T.H. and Van Slyke, D.M. (2002), 'Strategic management innovations in state transportation departments', *Public Performance & Management Review*, Vol. 26, No. 1, pp. 58-74.
91. Propper, C. and Wilson, D. (2003), 'The use and usefulness of performance measures in the public sector', *Oxford Review of Economic Policy*, Vol. 19, No. 2, pp. 250-267.
92. Ranson, S. and Stewart, J. (1994), *Management for the public domain – Enabling the learning society*, St. Martin's Press.
93. Roos, J., Edvinsson, L., Roos, J. and Dragonetti, N. C. (1997), *Intellectual Capital: Navigating the new business landscape*, Macmillan, London.
94. Roy, C. and Seguin, F. (2000), 'The institutionalization of efficiency-oriented approaches for public service improvement', *Public Productivity & Management Review*, Vol. 23, No. 4, pp. 449-468.
95. Rubienska, A. and Bovaird, T. (1999), 'Performance management and organizational learning: Matching processes to cultures in the UK and Chinese services', *International Review of Administrative Sciences*, Vol. 65, No. 2, pp. 251-268.
96. Sanderson, I. (2001), 'Performance management, evaluation and learning in 'modern' local government', *Public Administration*, Vol. 79, No. 2, pp. 297-313.
97. Scott, W. R. (1987), 'The adolescence of Institutional Theory', *Administrative Science Quarterly*, Vol. 32, No. 4, pp. 493-511.
98. Scott, W. R. (2001), *Institutions and organizations*, Thousands Oaks, CA: Sage.

99. Silk, S. (1998), 'Automating the Balanced Scorecard', *Management Accounting*, Vol. 11, No. 17, pp. 38-44.
100. Smith, P. (1995), 'Performance indicators and outcome in the public-sector', *Public Money & Management*, Vol. 15, No. 4, pp. 13-16.
101. Stewart, J. and Walsh, K. (1992), 'Change in the management of public-services', *Public Administration*, Vol. 70, No. 4, pp. 499-518.
102. Streib, G.D. and Poister, T.H. (1999), 'Assessing the validity, legitimacy and functionality of performance measurement systems in municipal governments', *American Review of Public Administration*, Vol. 29, No. 2, pp. 107-123.
103. Suchman, M.C. (1995), 'Managing legitimacy: Strategic and institutional approaches', *Academy of Management Review*, Vol. 20, No. 3, pp. 571-610.
104. Thompson, J. D. (1967), *Organizations in action: Social science bases of administrative theory*, New York: McGraw-Hill.
105. Tolbert, P. S. and Zucker, L. G. (1983), 'Institutional sources of change in the formal structure of organizations: The diffusion of civil service reform, 1880-1935', *Administrative Science Quarterly*, Vol. 28, No. 1, p. 22-39.
106. Townley, B. (2002), 'The role of competing rationalities in institutional change', *Academy of Management Journal*, Vol. 45, No. 1, pp. 163-179.
107. Townley, B., Cooper, D.J. and Oakes, L. (2003), 'Performance measures and the rationalization of organizations', *Organization Studies*, Vol. 24, No. 7, pp. 1045-1071.
108. Tranfield, D., Denyer, D. and Smart, P. (2003), 'Towards a methodology for developing evidence-informed management knowledge by means of systematic review', *British Journal of Management*, Vol. 14, No. 3, pp.207-222.
109. Usher, C.L., Locklin, E., Wildfire, J.B. and Harris, C.C. (2001), 'Child welfare performance ratings: One State's approach', *Administration in Social Work*, Vol. 25, No. 1, pp. 35-51.
110. Van Peurse, K.A., Pratt, M.J. and Lawrence, S.R. (1995), 'Health management performance: A review of measures and indicators', *Accounting, Auditing & Accountability Journal*, Vol. 8, No. 5, pp. 34-70.
111. Weick, K. (1976), 'Education organizations as loosely coupled systems', *Administrative Science Quarterly*, Vol. 21, No. 1, pp. 1-19.
112. Westphal, J. D., Gulati, R., and Shortell, S. M. (1997), 'Customization or conformity? An institutional and network perspective on the content and consequences of TQM adoption', *Administrative Science Quarterly*, Vol. 42, No. 2, pp. 366-394.
113. Wiggins, A. and Tymms, P. (2002), 'Dysfunctional effects of league tables: A comparison between English and Scottish primary schools', *Public Money & Management*, Vol. 22, No. 1, pp. 43-48.

Internet sources:

<http://www.imf.org/external/np/fad/trans/manual/gloss.htm>

## APPENDIX 2 - JOURNAL SOURCE OF INCLUDED ARTICLES

The 40 articles to be included in the review were mostly published in top quality journals. Using the RAE 2008 quality grading, it is possible to see, in fact, that in a 4 points scale (4 being the highest quality), the weighted average is 3.3. This is mostly due to the explicit exclusion of practitioner papers.

The choice of databases and the possibility to include these journals is discussed in Appendix 4.

JOURNAL TITLE	RESULTS	RAE 2008
Abacus	1	2
Academy of Management Journal	2	4
Academy of Management Review	4	4
Accounting, Auditing & Accountability Journal	1	2
Accounting, Organizations and Society	8	4
Administrative Science Quarterly	6	4
American journal of sociology	1	-
American sociological review	1	-
Contemporary Accounting Research	2	3
European Accounting Review	1	2
Financial Accountability & Management	1	-
International Journal of Public Administration	1	1
Journal of Management Accounting Research	1	2
Management Accounting Research	5	-
Organization studies	2	3
Public Money & Management	2	2
Public Productivity & Management Review	1	1

Table 14: Journal source of included articles



### APPENDIX 3 – JUSTIFICATION FOR THE CHOICE OF SEARCH STRINGS

The keywords and the search strings have been formulated following different strategies, such as:

- 1- Review of the articles included in the scoping study and analysis of keywords, titles and abstracts of the most relevant ones;
- 2- Brainstorming with academics in the field;
- 3- Pilot searches and comparison between the results obtained and the most relevant papers belonging to the scoping study, to check whether they were included or not;
- 4- Pilot searches to assess the feasibility of certain searches.

The identification of keywords has been the first step in this process. The main difficulty has been to find exhaustive sets of keywords that could express the three main concepts/constructs, which form the basis of the proposed literature review, given the inhomogeneous terminology used by the authors.

Seven groups of words have been identified to convey the concept of “performance measurement” in the literature. The different keywords and the reason why they have been included and formulated in that particular way, are listed in Table 15:

KEYWORDS	RATIONALE
Performance measure*	Includes Performance measurement, performance measures, Performance Measurement System(s) (PMS)
Performance management	Expression often used instead of performance measurement
Performance evaluation	Expression often used instead of performance measurement
Management control*	Includes: Management Control, Management Controlling and Management Control System(s) (other way to indicate PMS)
Management accounting	Includes Management Accounting (expression often used instead of performance measurement) and Management Accounting System(s) (other way to indicate PMS)
Accounting	See Management accounting
Control system*	See Management control

Table 15: Performance Measurement - Keywords

It was even more challenging to point out words or expression that could allow finding all the papers that deal with public sector issues. Since most of the articles that do often refer to sub-sectors (e.g. health care, education etc.) or specific cases, it was decided to examine the most important articles and identify the most used words/expressions (Table 16).

KEYWORDS	RATIONALE
Public sector	The most used expression
Health care	Health care is the focus of the biggest group of articles
Local authorit*	Various studies have dealt with local authority/authorities
Education	Education is also a widely researched sub-sector

Table 16: Public Sector - Keywords

As discussed in chapter 2.4.1, the difficulty to find words that could encompass all types of organizations belonging to the public sector, in fact, implied the omission of any search term related to the public sector. The decision to include or exclude articles, on the basis of what kind of organizations the empirical data or theoretical reflections were referring to, was explicitly expressed in the revised inclusion and exclusion criteria.

Finally, the articles to be reviewed will have to have New Institutional and/or Resource Dependent theoretical backgrounds (Table 17).

KEYWORDS	RATIONALE
Institutional*	<p>This keyword allows overcoming the problems caused by the plurality of words/expressions used to designate “New Institutional Theory”:</p> <ol style="list-style-type: none"> <li>1- “Institutional Theory”, although there are other school of thought called “Institutional Theory” (e.g.: “(Old) Institutional Theory” “Institutional Theory” in economics etc.: in this respect, an explicit exclusion criteria has been set);</li> <li>2- “Theory” can be substituted by “perspective”, “point of view” etc.</li> <li>3- Some academics use “Institutionalism” or “Institutionalisation”, without explicitly using the words “New Institutional Theory”.</li> </ol>
Resource Depend*	<p>In the literature the word “dependence” has been found to be spelled in three different ways: dependence, dependency, dependance. Furthermore, as previously said, authors use alternatively the words theory, perspective, point of view etc. Resource Depend* allows including them all.</p>
Organi* theor*	<p>Since both New Institutional and Resource Dependence Theory are OT, a more general expression could be “organisation theory”, mostly because some authors do not explicitly mention specific theories in their titles and abstracts, but refer just to organisation theories. Organi* theor* includes: organisation/organization and theory/theories.</p>

Table 17: New Institutional and Resource Dependence Theories - Keywords

Therefore, five groups of keywords can be formulated (1a includes the keywords “Management accounting”, 1b just “Accounting”; 3b includes the keywords “Organi\* theor\*”, 3a does not).

GROUP	KEYWORDS
1a	Performance measure* OR Performance management OR Performance evaluation OR Management control* OR Management accounting OR Control system*
1b	Performance measure* OR Performance management OR Performance evaluation OR Management control* OR Accounting OR Control system*
2	Public sector OR Health care OR Local authorit* OR Education
3a	Institutional* OR Resource Depend*
3b	Institutional* OR Resource Depend* OR Organi* theor*

Table 18: Groups of keywords

Once the passwords have been grouped, eight different searches have been performed in four databases identified through a brainstorming session:

	<b>1b AND 3b</b>	1b AND 3a	1a AND 3b	1a AND 3a	1b AND 2 AND 3b	1b AND 2 AND 3a	1a AND 2 AND 3b	1a AND 2 AND 3a
ProQuest	<b>1591</b>	1322	568	367	131	116	60	47
EBSCO	<b>1097</b>	1083	194	188	78	77	18	17
Science Direct	<b>427</b>	427	134	134	93	93	34	8
Emerald	<b>204</b>	4	170	3	15	0	14	0

Table 19: Pilot searches

While at the beginning it was chosen to perform the third and the fourth types of searches, after consulting the academic panel, the first search string was the one to be tested.

#### APPENDIX 4 – JUSTIFICATION FOR THE CHOICE OF DATABASE

The scoping study includes 227 articles. Most of them were written from a practitioner point of view and were often published in practitioner journals.

The results reported in Table 19 were taken into consideration to decide which databases to include among the four (ProQuest, EBSCO, Science Direct and Emerald): this allowed discarding the Emerald database, given the too low number of results.

The explicit examination of the journals included in those databases was also considered. The result of this analysis allows concluding that the databases are appropriate and just few journals could require a specific search: since they are all practitioner journals, time constraints will determine whether to perform specific searches or not.

Table 20 shows all the journals (in alphabetic order) the articles belonging to the scoping study were taken from; Table 21 reports the inclusion of those journals (listed according to the number of results) in the three databases.

JOURNAL TITLE	RESULTS
Academy of Management Journal	4
Academy of Management Review	4
Accounting, Auditing & Accountability Journal	2
Accounting, Organizations and Society	4
The Accounting Review	1
Administration in Social Work	6
The American City & County	1
American journal of sociology	1
American Review of Public Administration	2
American sociological review	1
Australian Accountant	1
Australian CPA	2
Australian Journal of Public Administration	14
Canadian Public Administration-Administration Publique Du Canada	6
CMA Management	3
Contemporary Accounting Research	1
Critical Perspectives on Accounting	1
Engineering Management Journal	1
Evaluation and Program Planning	2
Financial Accountability & Management	6
Financial Management	1
Government Finance Review	1
Health policy	1
Human Resource Management	1
The International Journal of Educational Management	1
International Journal of Health Care Quality Assurance	1
International Journal of Medical Marketing	1
International Journal of Operations & Production Management	1
International Journal of Public Sector Management	4
International Journal of Quality & Reliability Management	1

International Review of Administrative Sciences	5
The Journal of Behavioral Health Services & Research	1
Journal of Health Care Finance	1
Journal of Healthcare Management	1
Journal of Knowledge Management	1
Journal of Management Accounting Research	1
Journal of Policy Analysis and Management	4
Journal of Public Budgeting, Accounting & Financial Management	1
The Journal of the Operational Research Society	1
Long Range Planning	1
Management Accounting	2
Management Accounting Research	5
Management Decision	1
Management Review	2
Managerial Auditing Journal	1
Managing Service Quality	1
Measuring Business Excellence	1
National Productivity Review	1
Organization Development Journal	1
Organization studies	1
Oxford Review of Economic Policy	1
Policy and Politics	5
Policy Sciences	1
Policy Studies Journal	2
Public Administration	11
Public Administration and Development	8
Public Administration Review	25
Public Manager	1
Public Money & Management	25
Public Performance & Management Review	11
Public Personnel Management	17
Public Productivity & Management Review	3
Quality Progress	1
Total Quality Management	2
The TQM magazine	1
Work Study	2

Table 20: Scoping study - list of journals

JOURNAL TITLE	RESULTS	ProQuest	EBSCO	Science Direct	Total (possible other sources, if required)
Public Administration Review	25	1988-current	1965-present	-	1965-present
Public Money & Management	25	All	1988-present	-	All
Public Personnel Management	17	1996-current	1973-present	-	1973-present
Australian Journal of Public Administration	14	-	1994-present	-	1994-present (ISI Web of Science)
Public Administration	11	-	1965-present	-	1965-present
Public Performance & Management Review	11	All	1998-present	-	All
Public Administration and Development	8	1999-current	-	-	1999-current (ISI Web of Science)
Administration in Social Work	6	All	1976-present	-	All
Canadian Public Administration-Administration Publique Du Canada	6	-	-	-	ISI Web of Science
Financial Accountability & Management	6	All	1985-present	-	All
International Review of Administrative Sciences	5	-	-	-	ISI Web of Science
Management Accounting Research	5	All	1997-present	1993-present	All
Policy and Politics	5	-	-	-	ISI Web of Science
Academy of Management Journal	4	All until 2001	1958-present	-	All
Academy of Management Review	4	All until 2001	1976-present	-	All
Accounting, Organizations and Society	4	-	1976-present	All	All
International Journal of Public Sector Management	4	1992-current	1988-2000	-	1988-present
Journal of Policy Analysis and Management	4	1999-current	1981-present	-	1981-present

CMA Management	3	1988-current	1999-present	-	1988-present
Public Productivity & Management Review	3	1989-current	-	-	1989-current
Accounting, Auditing & Accountability Journal	2	1992-current	2003-present	-	1992-current (Emerald)
American Review of Public Administration	2	All	1996-present	-	All
Australian CPA	2	1987-current	1998-present	-	1987-current
Evaluation and Program Planning	2	-	2002-present	All	All
Management Accounting	2	All	1993-2000	-	All
Management Review	2	1987-current	1965-2000	-	1965-2000
Policy Studies Journal	2	-	All	-	All
Total Quality Management	2	-	1990-2002	-	1990-2002 (ISI Web of Science)
Work Study	2	-	2003-present	-	2003-present (Emerald)

Table 21: Scoping study – Journal inclusion in databases

## **APPENDIX 5 – CRITICAL APPRAISAL TOOL**

The Study Quality Assessment table will be used to further select which papers to include.

The aspects that will be rated and the relative criteria (Table 22) are the ones actually used by the members of the Centre for Business Performance (CBP). Given their exhaustiveness, no amendments have been made; in fact they explicitly include the evaluation of:

- 1- Theory robustness: knowledge of the literature and use of theories;
- 2- Implications for practice: possible implementation and usefulness of the ideas presented;
- 3- Methodology: sampling, data collection, analysis and use;
- 4- Generalisability: possibility to extend the findings to different contexts;
- 5- Contribution: originality of the article.

The scales go from 0 (absence) to 3 (high); “N/A” will be used when the element will be not applicable.



Element	Level				
	0- Absence	1- Low	2 – Medium	3 - High	Not applicable
<b>Theory robustness</b>	The article does not provide enough information to assess this element	Poor awareness of existing literature and debates. Under or over referenced	Basic understanding of the issues around the topic that is being treated	Deep and broad knowledge of relevant literature and theory relevant for addressing the phenomenon	This element is not applicable to the document
		Low validity for theory is given	Although data support the theory, the link is weak	Good relations theory-data	
<b>Implication for practice</b>	The article does not provide enough information to assess this element	Very difficult to implement the concepts and ideas presented. No relevant for the real-life	There is a potential for successfully implement the proposed ideas, with minor adjustments	Significant benefit may be drawn if the principles are put into practice. Relevant issues for practising managers	This element is not applicable to the document
<b>Methodology - Data supporting arguments</b>	The article does not provide enough information to assess this element	Data inaccuracy and not related to theory. Flawed research design	Data is related to the arguments, though there are some gaps. Research design may be improved	Data strongly supports arguments. Besides, the research design is carefully “crafted”: sampling, data gathering methods and analysis	This element is not applicable to the document
<b>Generalisability</b>	The article does not provide enough information to assess this element	Only the population studied	Organisations of similar characteristics	High level of generalisability	This element is not applicable to the document
<b>Contribution</b>	The article does not provide enough information to assess this element	Does not make an important contribution. It is not clear the advances it makes.	Although using other’s ideas, builds upon the existing theory	Further develops existing knowledge, expanding the way the phenomenon was explained so far	This element is not applicable to the document

Table 22: Critical appraisal tool

## APPENDIX 6 – DATA EXTRACTION TOOL

Data will be extracted and stored in a ProCite database. Specific forms have been designed by the CBP according to the different types of records: Book; Book Chapter; Journal Article; Conference Paper; Report; Thesis; Unpublished work; Web page.

The “journal article” form will surely be the most used in this phase of the systematic literature review:

- |                             |                                                                                                                                                                                                                                               |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Citation information:       | <ul style="list-style-type: none"><li>• Author of the article</li><li>• Title of the article</li><li>• Journal Title</li><li>• Date of publication</li><li>• Volume</li><li>• Part</li><li>• Month or season</li><li>• Page numbers</li></ul> |
| Descriptive information:    | <ul style="list-style-type: none"><li>• Study location</li><li>• Context/industry</li><li>•</li></ul>                                                                                                                                         |
| Methodological information: | <ul style="list-style-type: none"><li>• Empirical/theoretical</li><li>• Sample size</li><li>• Method of data collection</li><li>• Method of data analysis</li><li>• Study characteristics/philosophical approaches</li><li>•</li></ul>        |
| Quality assessment:         | <ul style="list-style-type: none"><li>• Theory robustness</li><li>• Implication for practice</li><li>• Methodology</li><li>• Generalisability</li><li>• Contribution</li></ul>                                                                |
| Thematic information:       | <ul style="list-style-type: none"><li>• Keywords</li><li>• Key findings</li><li>• Notes</li><li>• Study characteristics</li></ul>                                                                                                             |
| Inclusion:                  | <ul style="list-style-type: none"><li>• Include yes/no</li><li>• Reasons for exclusion</li></ul>                                                                                                                                              |

## APPENDIX 7 – EXTENSIVE DEFINITIONS

In this section, the most significant definitions found in the articles and books included in the systematic review are reported. The aim is not to provide exhaustive definitions of all the relevant concepts; rather, this section intends to provide one or more definitions of the fundamental concepts and constructs this review is based on. To capture the richness and diversity of definitions, various ones will be associated to a single concept (e.g. institution, loose coupling, legitimacy) and the most interesting attributes will be described as well.

The definitions are generally listed in alphabetical order; in some cases, given the strong relationship between concepts (e.g. loose coupling, decoupling, tight coupling), groups are formed following a logical order. Each concept is in bold type, while each group is in bold and underlined.

**Cost accounting** includes a methodology which can provide a measurement of resources consumed in accomplishing a specific purpose, performing a service, providing a product, or carrying out a project or program, regardless of the source of funding. This includes subsystems or modules of the general ledger system as well as stand-alone cost systems, whether manual or automated, centralized or decentralized, that measure incurred costs. Accordingly, this excludes data generated SOLELY by the budgetary accounts (definition provided by the GAO) in Geiger and Ittner (1996: 552).

**Culture**: a set of shared key values and beliefs that convey a sense of identity, generate commitment, enhance social system stability, and serve as a sense-making device to guide and shape behaviour (Collier, 2001: 468).

**Decoupling**: see loose coupling.

**Deinstitutionalization**: see institutional.

### **Effectiveness and efficiency**

**Effectiveness**: “ability of an organization to create acceptable outcomes and actions (Pfeffer and Salancik, 1978: 11). The effectiveness of an organization is a sociopolitical question - economic considerations, usefulness of what is being done and resources consumed by the organization. “The effective organization is the organization that satisfies the demands of those in its environment from whom it requires support for its continued existence. Effective management is being able to perceive the environment accurately and to understand the factors that determine how the organization defines its world” (Pfeffer and Salancik, 1978: 60).

**Efficiency** is an internal standard of performance and it is measured by the ratio of resources utilized to output produced (Pfeffer and Salancik, 1978).

The difference between **efficiency** and **effectiveness** is “at the heart of the external versus internal perspective of organizations. Organizational effectiveness is an external standard of how well an organization is meeting the demands of the various groups and organizations that are concerned with its activities” (Pfeffer and Salancik, 1978: 11). “Organizational effectiveness is a multifaceted concept, where the

effectiveness of the organization depends on which group, with which criteria and preferences, is doing the assessment. [...] How well an organization accomplishes its stated, or implied, objectives given the resources used is what efficiency measures. [...] Efficiency and effectiveness are independent standards for evaluating organizations” (Pfeffer and Salancik, 1978: 33-35).

**Imprinting:** see Organizational imprinting

**Innovation:** “any idea, practice or material artifact perceived to be new by the relevant unit of adoption (Zaltman, Duncan and Holbek, 1973: 158)” in Westphal, Gulati and Shortell (1997: 368).

**Institution, institutional agents, environment, practices, institutionalization, institutionalized rules, deinstitutionalization:**

**Institution:** set of rules, which enable and constrain human interaction (Scott, 1987).

**Institutions** (Scott, 2001: 48) – main features:

- Institutions are social structures that have attained a high degree of resilience;
- Institutions are composed of cultural-cognitive, normative, and regulative elements that, together with associated activities and resources, provide stability and meaning to social life;
- Institutions are transmitted by various types of carriers, including symbolic systems, relational systems, routines, and artifacts;
- Institutions operate at multiple levels of jurisdiction, from the world system to localized interpersonal relationships;
- Institutions by definition connote stability but are subject to change processes, both incremental and discontinuous.

Three pillars of **institutions** (Scott, 2001: 51-70):

- 1- The **regulative** pillar: "Institutions constrain and regularize behaviour". Focus on rule setting, monitoring, and sanctioning activities. The regulative and normative pillars can be mutually reinforcing;
- 2- The **normative** pillar: normative rules "introduce a prescriptive, evaluative, and obligatory dimension into social life. Normative systems include both values and norms. Values are conceptions of the preferred or the desirable, together with the construction of standards to which existing structures or behaviour can be compared and assessed. Norms specify how things should be done; they define legitimate means to pursue valued ends";
- 3- The **cultural-cognitive** pillar: "this is the major distinguishing feature of neoinstitutionalism within sociology". "In the cognitive paradigm, what a creature does is, in large part, a function of the creature's internal representation of its environment" (D'Andrade, 1984). It "recognizes that internal interpretive processes are shaped by external cultural frameworks”.

**Institutional agents** (in Scott, 2001: 127-129):

1- Nation-State:

I- "The special character of government as an organization is simply [...] that governments exercise authority over other organizations [...] As collective actors, agencies of the state can take a variety of actions, including granting special charters; allocating key resources, such as finance capital or tax-free loans; imposing taxes; and exercise regulatory controls". The state exerts cultural-cognitive, normative and coercive pressures;

II- The state affects different levels of organizational structure: (a) It provides distinctive configuration of organizations; (b) It provides different arenas or forums within which conflicts between organized interests can be adjudicated; (c) Has the capacity to define and enforce property rights;

2- Professions: professionals exercise their control via cultural-cognitive and normative processes. "They exercise control by defining reality - by devising ontological frameworks, proposing distinctions, creating typifications, and fabricating principles or guidelines for action";

3- International organizations and associations;

4- Cultural frameworks.

**Institutional environments** "are characterized by the elaboration of rules and requirements to which individual organizations must conform if they are to receive support and legitimacy" (Scott and Meyer, 1983: 149) in Scott (1987: 498).

**"Institutional practices** are "those deeply embedded in time and space" (Giddens, 1984: 13)" in (Scott, 2001: 75).

**To institutionalize:** "to infuse with value beyond the technical requirements of the task at hand" (Selznick, 1957) in (Carpenter and Covaleski, 1995: 1211).

**Institutionalization:** "processes by which societal expectations of appropriate organizational form and behaviour come to take on rule-like status in social thought and action" (Covaleski and Dirsmith, 1988: 562).

**Institutionalization:** "the process by which actions become repeated over time and are assigned similar meanings by self and others" (Covaleski, Dirsmith and Samuel, 1996: 10).

**"Institutionalization** as an **outcome** places societal expectations and organizational structures and practices beyond the reach of power and self-interest; expectations of acceptable practice merely exist and are taken for granted. By contrast, institutionalization as a **process** may be profoundly political and reflects the relative power of organized interests. [...] In either case the conceptualization of institutionalization as an unfinished process provides a rich basis to examine the active agency by which various social actors construct, change and enforce the internal, micro-level processes which become a normative, taken-for-granted part of organizational life" (Carpenter and Covaleski, 1995: 1212).

**Institutionalization** (different definitions according to which variant of institutional theory is considered) (Scott, 1987: 494-499):

- 1- Selznick: Institutionalization is seen as a means of instilling value, supplying intrinsic worth to a structure or a process that, before institutionalization, had only instrumental utility. By instilling value, institutionalization promotes stability: persistence of the structure over time;
- 2- Berger: Social order is based fundamentally on a shared social reality, which, in turn, is a human construction, being created in social interaction. "Social order exists only as a product of human activity". "Institutionalization occurs whenever there is a reciprocal typification of habitualized actions by types of actors". Institutionalization involves three phases: externalization, objectivation, and internalization;
- 3- "Institutionalization is both a process and a property variable. It is the process by which individual actors transmit what is socially defined as real and, at the same time, at any point in the process the meaning of an act can be defined as more or less a taken-for-granted part of this social reality. Institutionalized acts, then, must be perceived as both objective and exterior"; "Institutionalization involves the processes by which social processes, obligations, or actualities come to take on a rulelike status in social thought and actions" (Meyer and Rowan, 1977). In these definitions, institutionalization is viewed as the social process by which individuals come to accept a shared definition of social reality. "Institutionalization operates to produce common understandings about what is appropriate and, fundamentally, meaningful behaviour";
- 4- More recent contributions: focus on a variety of sources or loci of "rationalized and impersonal prescriptions that identify various social purposes". These sources are institutionalized in that their existence and efficacy is "in some measure beyond the discretion of any individual participant or organization" (Meyer and Rowan, 1977). Five main characteristics: (a) Importance of the role played by cultural elements; (b) Organizations conform because they are rewarded for doing so through increased legitimacy, resources, and survival capabilities; (c) Multiple institutional environments vs. the institutional environment; (d) Attention to the role of the state and professional associations; (e) Interest in culture.

**Institutionalization:** "process through which components of formal structure become widely accepted, as both appropriate and necessary, and serve to legitimate organizations. Most fundamentally the process is of social change. This process may occur in two different ways (Hernes, 1976):

- 1- Initial endogenous change may take place when the process is gradual and not required;
- 2- Exogenous change may take place later in the process or when the process is required" (Tolbert and Zucker, 1983: 25).

**Institutionalized rules:** "classifications built into society as reciprocated typifications or interpretations (Berger and Luckmann: 1967: 54). Such rules may be simply taken for granted or may be supported by public opinion or the force of law (Starbuck, 1976)" in (Meyer and Rowan, 1977) in (DiMaggio and Powell, 1991: 42).

**Deinstitutionalization:** processes by which institutions weaken and disappear. Possible reasons: regulative system (increasing non-compliance), eroding norms, diminished force of obligatory expectations, erosion of cultural beliefs and questioning of what was taken for granted. Three types of pressures toward deinstitutionalization: functional, political and social (Scott, 2001).

### **Legitimacy and legitimation**

**Legitimacy:** “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions [...] Legitimacy is a perception or assumption in that it represents a reaction of observers to the organization as they see it; thus, legitimacy is possessed objectively, yet created subjectively. An organization may diverge dramatically from societal norms yet retain legitimacy because the divergence goes unnoticed. Legitimacy is socially constructed in that it reflects a congruence between the behaviours of the legitimated entity and the shared (or assumedly shared) beliefs of some social group; thus, legitimacy is dependent on a collective audience, yet independent of particular observers” (Suchman, 1995: 574).

### **Legitimacy - Four-fold typology:**

- 1- “[T]he stronger the technical environment, the greater the need for pragmatic legitimacy of all kinds and for moral legitimacy based on consequences and procedures”;
- 2- “Institutional considerations, in contrast, favor organizations (such as schools, churches, and courts) that "make sense" and that "play by the rules," even if such conformity reduces the immediate payoff to constituents. Therefore, the stronger the institutional environment, the greater the need for cognitive legitimacy of all kinds and for moral legitimacy based on procedures and structures”;
- 3- “In some sectors (such as banking and health care), both technical and institutional constraints operate simultaneously, requiring organizations to emphasize their public-spirited dispositions and their relative permanence, in order to lubricate the inevitable friction between achieving specific objectives and following general rules”;
- 4- “Certain sectors (such as fitness training, day care, and grass-roots politics) possess neither technical nor institutional structure. In these cases, outcomes are too poorly defined to permit truly satisfying exchanges, control is too uncertain to allow assessments of influence and disposition, causality is too ambiguous to generate principles of good practice or proper structure, and behavioural patterns are too fleeting to support clear cognitive models. In such settings, organizations usually rely on the most superficial forms of pragmatic and cognitive legitimation (e.g., convenient locations, frequent newsletters), fortifying these with heavy doses of personal charisma” (Suchman, 1995: 603-604).

### **Legitimacy management (Suchman, 1995: 586-599):**

- 1- Gaining legitimacy (usually for new entrants) - strategies: (a) Conform to environments; (b) Select among environments; (c) Manipulate environments ("evangelism"). “Centrally institutionalized sectors provide the most favorable

environments for organizations that conform to prevailing standards (Scott, 1991)”;

- 2- Maintaining legitimacy - difficulties: a) audiences are often heterogeneous, (b) stability often entails rigidity, and (c) institutionalization often generates its own opposition. Strategies: Perceive future changes; Protect past accomplishments;
- 3- Repairing legitimacy - prescriptions: (a) offer normalizing accounts, (b) restructure, and (c) don't panic. “Even though legitimacy repair may resemble legitimacy creation in that both call for intense activity and dramatic displays of decisiveness, legitimacy repair also resembles legitimacy maintenance in that both require a light touch and a sensitivity to environmental reactions”

**Legitimation:** the process whereby an organization justifies to a peer or superordinate system its right to exist, that is, to continue to import, transform, and export energy, material, or information" (Maurer, 1971:361) in Pfeffer and Salancik (1978: 194).

**Logic of confidence:** According to Meyer and Rowan (1977) there is one way an organization can resolve conflicts between ceremonial rules and efficiency: by employing two interrelated devices, such as decoupling and the logic of confidence.

Confidence in structural elements is maintained through three practices: avoidance, discretion and overlooking. The authors formulate the following proposition: “[t]he more an organization's structure is derived from institutional myths, the more it maintains elaborate displays of confidence, satisfaction, and good faith, internally and externally” (Meyer and Rowan, 1977) in (DiMaggio and Powell, 1991: 59).

### **Loose coupling, Decoupling, Tight coupling, Non-coupling**

**Loose coupling:** coupled events are responsive, *but* each event also preserves its own identity and some evidence of its physical or logical separateness (Weick, 1976).

“The fact that elements are linked and preserve some degree of determinacy is captured by the word **coupled**; the fact that these elements are also subject to spontaneous changes and preserve some degree of independence and indeterminacy is captured by the modifying word **loosely**” (Orton and Weick, 1990: 204).

Three definitions of **loose coupling** (Orton and Weick, 1990: 203-204):

- 1- “[L]oose coupling is present when systems have either few variables in common or the variables they have in common are weak” (Glassman, 1973: 73);
- 2- Loose coupling is “a situation in which elements are responsive, but retain evidence of separateness and identity” (Weick, 1976: 3);
- 3- Loose coupling “is evident when elements affect each other suddenly (rather than continuously), occasionally (rather than constantly), negligibly (rather than significantly), indirectly (rather than directly), and eventually (rather than immediately)” (Weick, 1982: 380).



Orton and Weick (1990) pointed out the difference between the dialectical and the “unidimensional” interpretation of loose coupling (having a scale that extends from tightly coupled to loosely coupled).

**Decoupling:** a situation where both the symbolic properties of the formal organization and instrumental work processes are distinct and disconnected from one another, with each preserving its own separate identity (Orton and Weick, 1990).

**Decoupling,** defined by differentiating between the technical and the institutional attributes of an organization: "the technical organisation faces towards the technical core in performing its instrumental work processes and turns its back on the environment; meanwhile, the institutional organisation turns its back on the technical core to concentrate on conforming to institutional pressures" (Scott and Meyer, 1983: 141) in (Dirsmith, Fogarty and Gupta, 2000: 519).

**Noncoupled, tightly coupled, loosely coupled:** "If there is no responsiveness nor distinctiveness, the system is not really a system, and it can be defined as a noncoupled system. If there is responsiveness without distinctiveness, the system is tightly coupled. If there is both responsiveness and distinctiveness, the system is loosely coupled. This general image is described here as the dialectical interpretation of loose coupling" (Orton and Weick, 1990: 205).

### **Market – Non-market Organizations**

**Market organizations:** “their effectiveness "is directly determined by their customers: if their interests are satisfied, then they will continue to supply the inputs required by the organization; if not, then they can withhold their contributions" (Scott, 1998: 351). Thus, market organizations must place a very high priority on managing relationships with customers in a way that ensures the flow of resources necessary to remain competitive and to survive (Pfeffer and Salancik, 1978)” in (Casile and Davis-Blake, 2002: 181-182).

**Nonmarket organizations:** their “outputs are "not evaluated in any markets external to the organization by means of voluntary quid pro quo transactions" (Downs, 1967: 25). This absence of economic assessment of outputs occurs because nonmarket organizations typically use ambiguous technologies to produce outputs that are difficult to appraise. Thus, the success of nonmarket organizations rests on their ability to satisfy socially determined criteria of evaluation (Thompson, 1967). Nonmarket organizations therefore seek to legitimate themselves and their outputs through conformity with institutionalized practices” (Casile and Davis-Blake, 2002: 182).

**Myth** (two key properties): (1) Rationalized and impersonal prescription that identifies various social purposes as technical ones and specifies in a rule-like way the appropriate means to pursue these technical purposes rationally. (2) Myths are highly institutionalized and thus in some measure beyond the discretion of any individual participant or organization; they must, therefore, be taken for granted as legitimate, apart from evaluations of their impact on work outcomes (Meyer and Rowan, 1977).

**Noncoupled system:** see loose coupling.

**Organization:** “an open system (Katz and Kahn, 1966) and [...] a coalition (Cyert and March; Thompson, 1967) of diverse constituencies (e.g. suppliers, customers), each with a specifiable aspiration or expectation level (March and Simon, 1958) as to what it expects from the organization in exchange for continued membership in the coalition” (Ford and Schellenberg, 1982: 50).

**Organization:** collection of individual efforts that come together to achieve something which might not otherwise be accomplished through individual action. Organizations are coalitions, maintained by providing inducements (satisfaction) to participants who support the organization. "The organization ends and the environment begins at the point where the organization's control over activities diminishes and the control of other organizations or individuals begins" (Pfeffer and Salancik, 1978: 113).

**Organizational field:** set of organizations that, in the aggregate, constitute a recognized area of institutional life; the totality of relevant actors (DiMaggio and Powell, 1983: 148).

**Organisational imprinting:** “process by which organizations tend to maintain certain practices adopted at the time that the organization was founded and not by rational decision or design but because they are taken for granted as “the way these things are done” (Scott; 1987)” in (Carpenter and Feroz, 2001: 566).

**Organizational populations:** "collection or aggregate of organizations that are "alike in some respect"; in particular, they are "classes of organizations that are relatively homogeneous in terms of environmental vulnerability" (Hannan and Freeman, 1977: 166)" in (Scott, 2001: 84).

### **Performance, performance measurement, control system:**

**Organizational control system** (in a broad sense): “a system that comprises a combination of control mechanisms designed and implemented by management to increase the probability that organizational actors will behave in ways consistent with the objectives of the dominant organizational coalition” (Abernethy and Chua, 1996: 573).

**Performance:** “constituent’s(s’) evaluation, using efficiency, effectiveness, or social referent criteria (Thompson, 1967) as to how well the organization is meeting the constituent’s(s’) aspiration level (Friedlander and Pickle, 1968)” (Ford and Schellenberg, 1982: 50).

### **Politics and power:**

““[P]olitics involves activities which attempt to influence decisions over critical issues that are not readily resolved through the introduction of new data and in which there are differing points of view” (Pfeffer, 1981: 2). Hence, politics represents the use of power to achieve objectives in the face of resistance” (Carpenter and Feroz, 1992: 620).

**Power:** ““the capability of one social actor to overcome resistance in achieving a desired objective or result” (Pfeffer, 1981: 2)” in (Carpenter and Feroz, 1992: 620).

**“Power** is [...] determined by the definition of social reality created by participants as well as by their control over resources” (Pfeffer and Salancik, 1978: 259).

Definitions and attributes of **power** (Collier, 2001: 466-467):

- 1- “[P]robability that an actor within a social relationship will be able to carry out his own will despite resistance (Weber 1922/1947: 152)”;
- 2- “[T]he ability to influence behaviour and overcome resistance” (Pfeffer, 1992). These first two definitions of power explicitly incorporate conflict and resistance;
- 3- “Clegg (1979) argued that power derives from control of the means and methods of production. It is exploitative and cannot be understood without an understanding of the freedom that it is grounded in or that it constrains”;
- 4- “Giddens (1976) argued that power does not of itself imply conflict. Because power is linked to the pursuit of interest, it is only when those interests do not coincide that power and conflict are related (p. 112). In adopting Giddens’ view that power and conflict are in a contingent relationship, it follows that power does not necessarily imply conflict if the interests of different groups are shared. [...] [W]hile power can be oppressive, it has the potential to be enabling if (as Giddens suggests) interests are shared. [...] The power of institutions arises both from the need for legitimation and from isomorphic processes. [...] The role of the State, particularly through legitimation processes is a powerful one, and it is in public sector organizations where this is most evident”.

**Responses to institutional pressures:** “[a]n **active response** results in behaviors that differ from those demanded by the institutional agent. [...] [A] **passive response** reflects the demands are presented. A positive response is intended to alter the nature of the demands in a manner that is acceptable to the actor and the institutional agent. Conversely, a negative response maintains conflict between the actor and the institutional agent”. **Resistance** expresses “the adoption of an active (positive or negative) strategy in response to institutional pressures” (Etherington and Richardson, 1994: 143-145).

**Social cohesion:** diffusion of a practice by direct contact between organizations. (Casile and Davis-Blake, 2002: 184).

**“Structuraton theory** views actors as creating and following rules and using resources as they engage in the ongoing production and reproduction of social structures. Actors are viewed as both knowledgeable and reflexive, capable of understanding and taking account of everyday situations and of routinely monitoring the results of their own and others' actions. Agency refers to an actor's ability to have some effect on the social world, altering the rules or the distribution of resources” (Scott, 2001: 76).

**Technical environments:** “those within which a product or service is exchanged in a market such that organizations are rewarded for effective and efficient control of the work process” (Scott and Meyer, 1983: 140) in Scott (1987: 498).

**Tight coupling:** see loose coupling.

**Total Quality Management (TQM):** “[A] managerial innovation that emphasizes an organization's total commitment to the customer and to continuous improvement of every process through the use of data-driven, problem-solving approaches based on empowerment of employee groups and teams (Dean and Bowen, 1994)” in Westphal, Gulati and Shortell (1997: 367-368).

**Uncertainty:** “probability distribution over alternate future states of the world, which allows uncertainty to be resolved rationally by comparing expected values of a known preference function across possible actions.” **Fundamental uncertainty:** denotes “a situation in which the alternate states cannot be enumerated or the payoffs associated with each state are unknown. In these cases, organizations mimic successful organizations in their environment, independent of evidence about the actual efficacy of these actions” (Etherington and Richardson, 1994: 143).

## APPENDIX 8 – INCLUDED MATERIAL – DESCRIPTIVE ANALYSIS

In the following table all the articles and books included in the review are listed. In particular, for each one of them, the name of the authors and the date of publication, the type of article/book, the way it has been selected, its main focus, and the main findings are presented.

Key:

T = Theoretical

E = Empirical (including sub-sector)

SS = Scoping Study

CR = Cross References

KS = Keyword Search

AR = Academic Recommendation

Paper	Type	How selected	Main focus	Main findings
Abernethy and Chua, 1996	T and E (one hospital)	SS	The role of an organization's accounting control system (ACS) as part of an interrelated control "package", in which other control systems function either as substitutes or complements	<p>1- An organizational control mix (of which ACS is a part) is a function of the firm's institutional environment. Institutional pressure was exerted primarily through state funding agencies, which supplied 90 percent of the organization's financial resources.</p> <p>Strategic choice also plays an important part in that design. Strategic choice is possible even in an environment that exhibits substantial levels of control by external sponsors. However, we recognize that the degree of choice demonstrated in this case may have been made possible by the changing nature of the hospital's institutional environment.</p> <p>2- Organizations can make a range of strategic responses in the face of institutional pressure (confirms Oliver's thesis). General support to Oliver's hypotheses and to the concept of isomorphism.</p> <p>3- Organizations may not need to invest in highly sophisticated accounting systems to meet stakeholder demands for legitimacy and efficiency.</p>

Ansari and Euske, 1987	T and E (Military facilities)	SS	The extent to which the use of cost accounting data by military repair facilities in the U.S. fits one of three conceptual models of information use	<p>1- Little support for the user oriented technical-rational model of information use as an adequate description of the actual use of the accounting data. The model proposed by the authors asserts that information systems are designed in response to problems, are preceded by identification of user needs, and make possible efficient allocation of resources. The design was generally inconsistent with the objectives of the system.</p> <p>2- There are situations in which accounting may have no technical role to play. The natural perspective provides a possible answer, since it asserts that information systems are means to manipulate internal relationships of an organization and gain legitimacy with external constituencies.</p> <p>3- It is more plausible that the divergence between the stated objectives and the design and implementation of the system was deliberate. If the technical-rational objectives is abandoned, and a socio-political is adopted perspective in viewing the internal users, the design of the system needs to fulfill two key objectives - gaining power and influencing behavior. The exercise of power requires the use of political symbols and a design, which provides a common language and categories and bottom-up centralized information flow. All these qualities are indeed present in the uniform cost accounting. For instance, the concept of uniformity is itself an important symbol of exhibiting control over a rather broad and diverse set of activities.</p>
Berry et al., 1985	T and E (1 Area of the National Coal Board)	CR	The rationales offered by participants for the accounting and management control practices in which they are involved. The paper reflects the tension between an attempt to understand management control	<p>From the socio-political and institutional perspectives, therefore, the divergence between stated objectives and their implementation is a reasonable means for gaining control internally and legitimacy externally.</p> <p>Four main conclusions are drawn. Firstly, financial planning and control systems do not appear to be a dominant mode of organisational control for the organisation investigated, physical production planning appearing to be more important. Secondly, the parts of the whole organisation appear to be only loosely coupled, thereby insulating the various parts from each other, and from pressures for change. Thirdly, in such a context, accounting and information generally may be managed either (or both) to enhance ambiguity or to provide legitimacy in (and about) the organisation. The paper concludes, fourthly, by noting the pressures for change, which appear to operate through the finance function, thereby enhancing that function's organisational role.</p>

Boland and Pondy, 1983	T and E (One University and one elementary school)	CR	in action and an attempt to evaluate the explanations of why current practices occur	
			The paper makes reflections on accounting and the way this subject could and should be researched, namely by attempting to understand how its rational and natural aspects interact within the lived experience of individuals.	Contingency approaches to accounting system design and to organization design are inadequate for understanding their dual nature as both symbolic and literal, both qualitative and quantitative, and both analytic and interactive in their problem solving processes. As an alternative to contingency theories a genuine union of rational and natural systems theories is proposed. In so doing accounting in organizations is viewed as a set of objects and processes that are created and given meaning through the lived experience of individual actors. Accounting arises in interaction and is a part of both rational and natural systems aspects of organization. In the field of mutual context suggested by the genuine union, accounting is simultaneously seen as figure and as ground; as an adaptation to a presented social reality as well as a context for constructing a social reality.
Bowerman, 2002	T and E (Local government)	SS	The concept of isomorphism is used to explain the progress of the Business Excellence Model as a way for local authorities to demonstrate Best Value in service delivery	The article suggests that the commonly presumed conferment of legitimacy (through adopting rational practices) is unstable and subject to change as an initiative matures. Additionally, legitimacy is fragile and can be marred by intense scrutiny. The prospect of legitimacy can, therefore, prove illusory and difficult, or even impossible, to attain. The authors concludes with two lessons for government and local authorities: 1- Central government needs to be aware of its ability to cause coercive isomorphic forces; 2- To local authorities the advice is stark: they should embark on new initiatives only if they are convinced of a practical benefit to the organization. Alternatively, where conferment of legitimacy is the desired result, they should wait until the bandwagon is well and truly rolling towards a named destination before they join it.

Brignall and Modell, 2000	T	SS	The implications of institutional theory for the successful implementation of multidimensional performance measurement and management in the public sector	<p>As a conclusion, the authors formulate five propositions (not tested):</p> <ol style="list-style-type: none"> <li>1- The greater the institutional pressures exerted by funding bodies on the focal organization, the greater the managerial emphasis on and integration between measures of financial results and resource utilization throughout the hierarchy of that organization.</li> <li>2- The greater the institutional pressures exerted by groups of professional service providers within the focal organization, the greater the managerial emphasis on and integration between measures of quality and innovation within that organization.</li> <li>3- The greater the conflict of interests between groups of professional service providers within the focal organization and funding bodies, the greater the need for management to pro-actively de-couple the performance measures favoured by these groups of stakeholders to balance their interests in the overall control of the focal organization.</li> <li>4- The greater the institutional pressures associated with contracting between purchasers and the focal provider organization, the greater the managerial emphasis on and integration between measures of resource utilization, quality and competitiveness within the focal organization.</li> <li>5- The greater the need to compile performance measures favoured by funding bodies and groups of professional service providers stemming from Propositions 1 and 2, the greater the need for management to pro-actively de-couple these measures from the ones used to comply with the pressures exerted by purchasers as a result of Proposition 4 to balance the interests of the three groups of stakeholders in the overall control of the focal organization.</li> </ol>
Broadbent, Jacobs and Laughlin, 2001	T and E (Healthcare)	SS	The reaction within GP practices in the UK to unwanted accounting-led changes	<p>The analysis performed by the authors highlights three issues:</p> <ol style="list-style-type: none"> <li>1- When a normative institutional context, which drives organisational behaviour (in this case the behaviour of GP practices), is perceived to be threatened by a regulative and/or cognitive institutional environment, organisational resistance will be inevitable and apparent;</li> <li>2- The actual nature of this organisational resistance will be the emergence of "specialist work groups" or "absorbing groups". These will, either internally and privately or externally and publicly, absorb and resist the changes;</li> <li>3- The choice of internal and external processes for the absorbing group is</li> </ol>



Carmona and Macias, 2001	T and E (the Spanish Royal Tobacco Factory)	KS	The role of the state in the legal enforcement of cost management systems in firms. The study focuses on the enforcement by law of cost and budgeting systems in a manufactory of a state-owned monopoly	contextually determined. Three main propositions are formulated: 1- A firm's conformity to institutional pressures directly depends on the expected diffusion of non-conformity within the institutional area. Consistent with the view of institutional sociologists, conformity to institutional pressures is contingent on the intensity of such demands. Ceteris paribus, the more the expected diffusion of noncompliance, the higher will be the probability of conformity to rules and norms. 2- Firms can be expected to conform to institutional pressures when demands have a clear, salutary effect on organizational goals; 3- The data support Oliver's (1991) prediction that firms will be less prone to conform to institutional pressures when such demands arise from an ever-changing institutional environment.
Carpenter and Covaleski, 1995	T and E (Public sector - State of New York)	KS	Same as Carpenter and Feroz (2001), but focused just on the State of New York	The degree of congruency between the state's strategic response to adopt GAAP financial reporting to its organizational goals seems to vary greatly, ranging from basically discongruent because GAAP reporting would upset "business as usual" in public administration, to GAAP becoming very congruent with the vested interests of the organization and the organizational actors in their quest to achieve economic and/or social fitness. The change in both the cause (technical to a broader concern) and content (incongruent to congruent with organizational goals) seems to contribute to a strategic response, which was more resistant (cash basis) to more accommodating (accrual basis). As the institutional constituencies mobilized in terms of interconnection and enhancement in force, the strategic response of the state moved away from resistance (cash basis) to accommodating (accrual basis).
Carpenter and Feroz, 2001	T and E (Four US state governments)	SS	Institutional theory is used to explore how institutional pressures exerted on four state governments (New York, Michigan, Ohio, Delaware)	The case studies carried out by the researchers reveal that the decision of state governments to adopt GAAP for external financial reporting is profoundly influenced by the personal beliefs of key organizational decision-makers, organization imprinting and culture, professional accounting education programs, and institutional pressures for change emanating from the credit markets. About the need of institutional legitimacy, the authors found evidence in the

Carpenter and Feroz, 1992	T and E (New York State)	KS	influenced the decision of these governments to adopt or resist the use of generally accepted accounting principles (GAAP) for external financial reporting	collection and display of huge amounts of information that have no immediate relevance for actual decisions. Hence, those state governments that have adopted GAAP, yet do not use GAAP information in making financial management decisions (e.g. budgetary decisions), may have adopted GAAP for purposes of institutional legitimacy. Agreeing with Oliver (1991), the authors conclude that institutional pressures may work in concert with other pressures such as resource dependency in shaping a government's decision to adopt a particular structure or management practice.
Carruthers, 1995	T	SS	Same as Carpenter and Feroz (2001), but focused just on the State of New York	The evidence presented in this study supports the conclusion of Ansari & Euske (1987) that there is little support for technical-rational use of accounting information in the public sector. The authors argue that self-interest and power are important factors that influence whether or not institutional pressures for change are successful. The evidence further suggests that in addition to assessing power and self-interest motives at the interorganizational level, it is also very important to analyze such influences at the intraorganizational level.
Casile and Davis-Blake, 2002	T and E (unaccredited Business schools)	SS	The paper reviews and contributes to various issues regarding new institutionalism	Whether substantial decoupling undermines organizational legitimacy, who the key audiences for organizational appearances are, and the relation between technical and institutional factors, are key issues that remain unsettled in new institutionalist research. Accounting is relevant for a whole variety of issues: power, conflict, rationality, governance, and organizational behavior. Accounts are the quintessential rationalized myth, and it is surprising that new institutionalists have not devoted more time to studying them.
			How technical and institutional factors affect the responsiveness of public and private organizations to a (normative) change in accreditation standards	The authors draw four main conclusions: 1- Organizations that have a strong tie to a social actor that defines professional standards are likely to comply with new standards; 2- The forces that generate responsiveness to new norms were often differentially important in public and private organizations. Private schools were indeed more likely to seek accreditation when the potential economic impact of accreditation was large (when they depended heavily on business students or drew on a nonlocal, prestigious student base). The finding that private schools are particularly responsive to market forces

Collier, 2001	T and E (One police force)	KS	The introduction of managerial accounting change in the form of local financial management in a police force, West Mercia Constabulary, using an ethnographic study	<p>suggests that private colleges and universities may be less institutional than previous research has supposed;</p> <p>3- The results help explain the commonly observed phenomenon of heterogeneous responses to institutional norms. Private and other market organizations may be particularly persuaded by logics that appeal to economic efficiency, and public and other nonmarket organizations may be particularly influenced by a "logic of appropriateness"</p> <p>4- The results have application in many domains beyond colleges and universities (cf. increasing privatization of public services). With privatization, public and private entities often operate side-by-side, doing the same work. Our results suggest that it may be difficult to achieve normative consistency in such environments.</p> <p>Four main conclusions:</p> <p>1- This study demonstrates how the shift in power that took place with devolved budgets enabled shared interests between those pursuing accountability and those pursuing technical work activity. This was achieved through the enabling power of devolved budgets to meet the demands on operational policing.</p> <p>2- Accounting—in the form of devolved budgets—facilitated loose coupling, by providing a consensus between, and a context for action that accommodated both institutional and technical demands.</p> <p>3- This field study has identified the potential for management to introduce an accounting that represents a consensus between, and a context for action encompassing, both the institutional and the technical. The dominant managerial coalition recognized the concerns of the occupational culture, while continuing to accept the imperatives of the external environment. This stands in contrast with other public sector cases (notably the NHS and local management of schools) where resistance from a strong occupational culture impeded managerial reform.</p> <p>4- It does, however, provide additional evidence to that of Abernathy and Chua (1996) that the dominant coalition can play an important role in the institutional environment, and the power of accounting to be more active in organizations.</p>
---------------	----------------------------	----	---------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Covaleski and Dirsmith, 1988	T and E (University of Madison)	CR	An institutional perspective is adopted to examine how, by whom, and for what purposes societal expectations of acceptable budgetary practices are articulated, enforced, and modified during a period of organizational decline	The processes of institutionalisation as expressed through the budget appear to be infused with power and self-interest within the organisation and in extraorganisational relations. The university found that its ability to decouple itself from socially valued, even mandated forms of structure was problematic. The potential of coercion always lies behind extant norms of acceptable discourse and behaviour, such as budgeting. "Although this language is cloaked in the appearance of objectivity and neutrality, it is ultimately directly toward establishing and maintaining hierarchies of authority and status."
Covaleski, Dirsmith and Michelson, 1993	T and E (Healthcare)	SS	The development, implementation and modification of case-mix accounting systems in response to DRG payment systems. To what extent vested interests, and particularly those of the state, are served by this and to what extent institutionalized legitimation practices penetrate and influence internal organizational practices	1- Such apparently neutral societal and organizational practices as the diagnostic-related groups (DRG) framework and case-mix accounting systems can have variegated effects on different types of hospitals and areas of medical practice, on what types of patients get served in what types of hospitals, and possibly on who will live and who will die; 2- The issues of decoupling and power appear to be closely intertwined, with the relative power of different interest groups conditioning the extent to which external imagery is decoupled from backstage processes.

Covaleski, Dirsmith and Samuel, 1996	T	SS	This paper examines various organizational and sociological perspectives, which have provided meaningful contributions to our understanding of managerial accounting.	This is a literature review. Organizational and sociological theories explicitly recognize the centrality of issues of social control and coordination in organizations, thus providing intellectual approaches from which to study managerial accounting as important aspects of the manner in which organizations and society function. This paper examines various organizational and sociological perspectives, which have provided meaningful contributions to our understanding of managerial accounting. The credibility of both the theoretical and methodological traditions, which typically underpin these alternative organizational and sociological perspectives, is then discussed. Finally, this paper considers the unique insights, which organizational and sociological theories offer in contrast to more traditional managerial accounting research perspectives for understanding the multiple roles of management accounting in contemporary organizations.
DiMaggio and Powell, 1983	T	AR	This paper discusses the concept of isomorphism	One of the main conclusions is that each of the institutional isomorphic processes can be expected to proceed in the absence of evidence that they increase internal organizational efficiency. The authors phrase twelve hypotheses.
Dirsmith, Fogarty and Gupta, 2000	T and E (General Accounting Office)	SS	The relationship among institutional pressures, instrumental work processes and coordination practices in the General Accounting Office (GAO)	The results suggest that institutional pressures do incite symbolic displays of rational practice, as indicated by an increased emphasis on the bureaucratic form of coordination. However, institutional pressures also go beyond merely cosmetic gestures to actually impact the instrumental work processes of GAO audit team members. Loose coupling is supported by the results.
Etherington and Richardson, 1994	T and E (Universities)	KS	DiMaggio and Powell's typology of the sources of isomorphic change is used to identify the institutional pressures	1- It is clear that any system-wide initiative to influence accounting education will meet with mixed reactions. The strategies followed by accounting programs reflect deeply held beliefs and powerful historical and structural constraints; 2- There is evidence through correlation that the average response by faculty to institutional pressures is less likely to be actively negative where faculty

Ford and Schellenberg, 1982	T	KS	This article is theoretically studies decoupling in organisational performance	<p>perceives gains in efficiency, congruence of their aspirations with the effects of the initiative, maintenance of their autonomy, and reduction in the uncertainty of expectations or outcomes.</p> <p>Assessments of organizational performance are generally based on 2 assumptions: 1. organizations have oneness of structure, and 2. the linkages among characteristics of organizations are rational. These may not be valid assumptions. In reality, because of decoupling, organizations may be assessed with different results on several points, such as the following: 1. on its dealings with context factors, 2. on its structure, and 3. on its output. Failure to consider decoupling in organizations can render performance findings questionable. An alternate framework is presented, suggesting several implications: 1. Care should be taken in assuming the direction of causality from context to structure. 2. The portion of formal structure devoted to institutionalization and to control and coordination must be decided. 3. The extent of decoupling of formal and operative structures must be determined. 4. Assessing organizational performance requires the examination of 3 separate constituency issues.</p>
Geiger and Ittner, 1996	T and E (General Accounting Office)	KS	Preliminary evidence on the determinants of cost accounting practices in government agencies	<p>Both contingency and institutional theories of management accounting choice help to explain the design and use of cost accounting systems in government agencies. Consistent with institutional perspectives, government organizations with legislative requirements for cost accounting data tend to implement elaborate systems that meet these requirements, but do not make greater use of the mandated cost data for internal purposes. Units that are legally compelled to be self-supporting due to revolving funding requirements also tend to implement elaborate cost systems that utilize more data sources, are more integrated, utilize more overhead categories, and employ full costing and depreciation methods to a greater extent than units without revolving funding. Moreover, revolving funds tend to use cost accounting data for a wider variety of purposes than other units, supporting prior descriptive studies which indicated that revolving funds place heavy emphasis on cost data for internal decision-making and control purposes in order to cope with funding uncertainty and ensure break-even operation. The revolving funding results are consistent with contingency theories, which maintain that cost system</p>

Lapsley and Pallot, 2000	T and E (Local government)	KS	Management accounting in local government in the context of significant change (managerial, organizational and environmental). The authors propose an alternative theoretical framework (new institutionalism) to explore the impact of NPM reforms.	<p>complexity and use should be positively associated with the level of competition and environmental uncertainty faced by the organization.</p> <p>Although the study is not very rigorous, the authors conclude that the "findings offer a complex pattern of relationships between management styles, influence of accounting and financial information and institutional setting. In terms of management style, the evidence of these case studies is that of a diversity of response to NPM pressures."</p> <p>"However, in operationalizing NPM concepts, the quality of the management accounting information was a factor of crucial importance."</p> <p>Finally, the authors make a distinction between the role of accounting and the use of accounting.</p>
Lawton and McKeivitt, Millar, 2000	T and E public sector organisations	SS	Results of a study of the implementation of performance measurement in 74 UK public sector organizations	<p>1) The study shows a top-down character of implementation, the lack of linkage between impetus and operational change and the consequent lack of attention to the views of the client in the process of performance measurement and management;</p> <p>2) The client (citizen) remains a minor player in the organisational change process.</p>
Meyer and Rowan, 1977	T	AR	This is one of the most seminal articles in new institutional theory. Discussion of general issues related to this theory	<p>The conclusion the authors draw is the following: "Organisational structures are created and made more elaborate with the rise of institutional myths, and, in highly institutionalized context, organizational action must support those myths. But an organization must also attend to practical activity. The two requirements are at odds. A stable solution is to maintain the organization in a loosely coupled state."</p> <p>Three theses are then formulated:</p> <p>(1) Environments and environmental domains which have institutionalized a greater number of rational myths generate more formal organization;</p> <p>(2) Organizations which incorporate institutionalized myths are more legitimate, successful and likely to survive;</p> <p>(3) Organizational control efforts, especially in highly institutionalized</p>

Mizruchi and Fein, 1999	T	KS	Literature review of the articles where DiMaggio and Powell (1983) is cited	<p>context, are devoted to ritual conformity, both internally and externally. Such organizations, that is, decouple structure form activity and structures from each other.</p> <p>The authors show that one aspect of this article, the discussion of mimetic isomorphism, has received attention disproportionate to its role in the essay. Findings show that DiMaggio and Powell's thesis has become socially constructed, as authors have selectively appropriated aspects of the work that accord with prevalent discourse in the field, and that centrally located researchers in sociology and organizational behavior are more likely than other scholars to invoke this dominant interpretation of their article.</p>
Modell, 2001	T and E	SS	How the properties of institutional processes associated with recent reforms in the Norwegian health care sector impinge on the extent of pro-active choice exercised by senior management in the development of multidimensional PM reflecting the interests of a wider range of institutional constituencies	<p>Legitimacy-seeking and efficiency-enhancing rationales form part of senior managers rhetoric in the case studied. The author observed extensive efforts to make a highly complex control system operational for internal use alongside conscious attempts to "sell" the new control practices to important external audiences. Modell infers that the likelihood of pro-active attempts to develop multidimensional PM is greater where multiple constituencies make their influence felt. Findings illustrate how institutional constraints, originating from consistent norms and rationalities, effectively contribute to the lack of integration and coherence in PM.</p>
Modell, 2002	T	KS	This paper draws on new institutional theory and attempts to integrate prior research evidence of the institutional influence on cost	<p>Six propositions are formulated:</p> <p>1- Institutionally induced cost allocations, adopted through processes dominated by legal or governmental coercion, tend to be de-coupled from operating control in organizations;</p> <p>2- Institutionally induced cost allocations, adopted through processes dominated by voluntary diffusion, tend to be more tightly coupled to operating control in organizations provided that the ambiguity associated with such</p>



Modell, 2003	T and E (Universities)	SS	allocation practices into an analytical framework	<p>allocations is reduced;</p> <p>3- The more asymmetric the distribution of power to the advantage of intra-organizational actors contesting institutionally induced cost allocations, the greater the likelihood of such allocations being decoupled from operating control;</p> <p>4- The earlier organizational sub-units are involved in the implementation of institutionally induced cost allocations, the lesser the likelihood of such allocations being de-coupled from operating control;</p> <p>5- Greater levels of market competition contribute to tighter coupling of institutionally induced cost allocations to operating control where the adoption of these is dominated by voluntary diffusion, but not where such practices are coercively imposed on organizations.</p> <p>6- The greater the technological complexity, the greater the likelihood of institutionally induced cost allocations being de-coupled from operating control.</p>
<p>Whilst the coupling between most of the performance indicators developed and formally stated goals for universities and colleges is relatively loose, the goal-directed model cannot be completely rejected as a heuristic informing recent changes in PM practices.</p> <p>Political bodies may be reluctant to reduce goal ambiguity, not only in response to pressures to multiple constituents, but also as a means of reducing the risk of "tunnel vision".</p> <p>Lack of political commitment may undermine the use of PM (MBO in this case).</p> <p>The author concludes that loosely coupled PM practices should not be seen just as an outcome of more or less pro-active organizational responses at the micro level of analysis. Rather, loose couplings may also originate from resistance as well as passivity by centrally located actors.</p> <p>Logical inconsistencies between formally stated goals and observed PIs are better explained when static approaches are complemented with a more historically informed and process-orientated NIS perspective.</p>				

Oliver, 1991	T	SS	<p>This study presents information on a study which identified the different strategic responses that organizations enact as a result of the institutional pressures toward conformity that are exerted on them</p>	<p>Five types of strategic responses are proposed by the author: acquiescence, compromise, avoidance, defiance and manipulation. These are then broken down into sub-types and described in detail.</p> <p>Conformity or resistance are determined by the willingness (driven by skepticism, political self-interest and organisational control) and ability (driven by capacity, conflict and awareness) of organisations to conform to the institutional environment. Other factors that determine organisational responses are related to the cause, constituents, content, control and context of pressures.</p> <p>The author formulates ten hypotheses:</p> <ol style="list-style-type: none"> <li>1- (Cause) The lower the degree of social legitimacy perceived to be attainable from conformity to institutional pressures, the greater the likelihood of organisational resistance to institutional pressures;</li> <li>2- (Cause) The lower the degree of economic gain perceived to be attainable from conformity to institutional pressures, the greater the likelihood of organisational resistance to institutional pressures;</li> <li>3- (Constituents) The greater the degree of constituents multiplicity, the greater the likelihood of organisational resistance to institutional pressures;</li> <li>4- (Constituents) The lower the degree of external dependence on pressuring constituents, the greater the likelihood of organisational resistance to institutional pressures;</li> <li>5- (Content) The lower the degree of consistency of institutional norms or requirements with organisational goals, the greater the likelihood of organisational resistance to institutional pressures;</li> <li>6- (Content) The greater the degree of discretionary constraints imposed on the organisation by institutional pressures, the greater the likelihood of organisational resistance to institutional pressures;</li> <li>7- (Control) The lower the degree of legal coercion behind institutional norms and requirements, the greater the likelihood of organisational resistance to institutional pressures;</li> <li>8- (Control) The lower the degree of voluntary diffusion of institutional norms, values, or practices, the greater the likelihood of organisational resistance to institutional pressures;</li> </ol>
--------------	---	----	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

				<p>9- (Context) The lower the degree of uncertainty in the organisation's environment, the greater the likelihood of organisational resistance to institutional pressures (environmental uncertainty = the degree to which future states of the world cannot be anticipated and accurately predicted);</p> <p>10- (Context) The lower the degree of interconnectedness in the institutional environment, the greater the likelihood of organisational resistance to institutional pressures (interconnectedness = density of interorganisational relations among occupants of an organisational field).</p>
Orton and Weick, 1990	T	SS	It reviews the diverse applications of the concept of loose coupling	<p>Three main contributions of loose coupling:</p> <p>1- Loose Coupling vs. Traditional view of the organization (two elements): source of order; elements or fragments, which are consolidated, unified, or coalesced by a source of order;</p> <p>2- Measurement and interpretation of interpretive systems;</p> <p>3- To better understand the fluidity, complexity, and social construction of organizational structure: to study structure as something that organizations do, rather than merely as something they have.</p>
Pettersen, 1995	T and E (Healthcare)	KS	The nature of the budgetary control of hospitals in Norway	Systematic decoupling between budgets and actuals in Norwegian hospitals was found.
Pfeffer and Salancik, 1978 (book)	T	AR	Fundamental contribution to Resource Dependence Theory	<p>It is difficult to identify the conclusions of this book.</p> <p>In the introductory sections the authors state explicitly the main content and purposes of the book: "The central thesis of this book is that to understand the behavior of an organization you must understand the context of that behavior - that is, the ecology of the organization" (p. 1). "How managers go about ensuring their organization's survival is what this book is about" (p. 2).</p>
Roy and Seguin, 2000	T	SS	The article provides an interesting review of examples of isomorphism	<p>Conclusions drawn from the case study:</p> <p>1- The case casts doubts on the rationality of approaches to the formation of strategy in the public sector;</p> <p>2- It hints that efficiency gains may often only be incidental or even random;</p> <p>3- It suggests that a sustained reliance on fads as management practices can be expected (Roy and Seguin, 2000).</p>

Scott, 1987	T	SS	The theoretical frameworks and arguments of leading contributors to institutional theory are reviewed and recent empirical studies using institutional arguments are examined	<p>The author argues that the main contribution of institutional theory (vs. more "traditional approaches" and approaches from other theoretical standpoints):</p> <p>"Until the introduction of institutional conceptions, organizations were viewed primarily as production systems and/or exchange systems, and their structures were viewed as being shaped largely by their technologies, their transactions, or the power-dependency relations growing out of such interdependencies. Environments were considered of as task environments: as stocks of resources, sources of information, loci of competitors and exchange partners. While these views are not wrong, they are clearly incomplete."</p> <p>"Institutional theory reminds us that interests are institutionally defined and shaped. Institutional frameworks define the ends and shape the means by which interests are defined and pursued." They define settings.</p> <p>"Institutional arguments need not be formulated in opposition to rational or efficiency arguments but are better seen as complementing and contextualizing them".</p>
Scott, 2001 (book)	T	AR	This book is the main source of information on institutional theory	<p>It is hard to summarize the conclusions of this very interesting book.</p> <p>The main purposes are thus stated:</p> <ol style="list-style-type: none"> <li>1- To capture the richness and diversity of institutional thought, viewed both historically and as a contemporary, ongoing project;</li> <li>2- To provide a comprehensive framework so that the different conceptions of institutions and the variety of underlying assumptions and methodological approaches can be better understood;</li> <li>3- Review and assess the body of empirical research.</li> </ol>
Suchman, 1995	T	SS	The large but diverse literature on organizational legitimacy is synthesized, highlighting similarities and disparities among the leading strategic and institutional	<p>Five main conclusions (further research):</p> <ol style="list-style-type: none"> <li>1- There are many distinct legitimization dynamics;</li> <li>2- Legitimation is hardly homogeneous and the different facets of legitimacy are not always fully compatible;</li> <li>3- Researchers could examine (a) the incidence of particular legitimacy profiles across social locations, (b) the dynamics of profile patterns over time, (c) the relationship between profiles at, say, the organizational and the industrial levels, and (d) the impact of specific profiles on short-run performance and long-run mortality;</li> <li>4- Empirical research on the use and effectiveness of various legitimacy-</li> </ol>

			approaches	management strategies; 5- Technical and institutional constraints offer criteria, not impediments, for organizational legitimacy.
Tolbert and Zucker, 1983	T and E (US cities)	SS	The diffusion and institutionalization of change in formal organization structure is investigated through the use of data on the adoption of civil service reform by cities	When adoption of the reforms was required by the State, the rate of adoption was rapid. Cities with no such requirement initially adopted much more gradually. Over time, adoption is expected to become independent of internal factors, as external definitions of modern municipal administration become more significant. "An adoption process rooted in the internal needs of the organization can become over time a process rooted in conformity to institutional definition."
Townley, 2002	T and E (One museum)	SS	A longitudinal case study is carried out regarding the introduction of business planning and performance measures in cultural organizations. This article uses Weber's identification of types of rationality as a means to illuminate institutional and organizational change	The main conclusion is that "particular dimensions of the rationality of business plans and performance measures - principally, theoretical and formal rationality - interact to destabilize the dominant substantive and practical rationality of museums".
Townley, Cooper and Oakes, 2003	T and E	SS	Same focus as Townley (2002)	As like in the other article by Townley (2002), the authors analysed how the attributes of measurement systems privilege one dimension of rationality over another, leading to an imbalance in rationalization. In the concluding section, they discuss some implications for a more balanced rationalization process. Managers should have some freedom to interpret and act; new expertise should be promoted as well as dialogue within organisations.

Weick, 1976	T	CR	It defines the concept of loose coupling	<p>The article does not have conclusions, rather the author suggests possible streams for future research:</p> <ol style="list-style-type: none"> <li>1- Develop conceptual tools capable of preserving loosely coupled systems;</li> <li>2- Explicate what elements are available in educational organizations for coupling;</li> <li>3- Develop contextual methodology: comparative studies and longitudinal studies;</li> <li>4- Promote the collection of thorough, concrete descriptions of the coupling patterns in actual educational organizations;</li> <li>5- Specify the nature of core technology in educational organizations;</li> <li>6- Probe empirically the ratio of functions to dysfunctions associated with loose coupling;</li> <li>7- Discover how inhabitants make sense out of loosely coupled worlds.</li> </ol> <p>"It is unconventional to urge that we treat unpredictability (loose coupling) as our topic of interest rather than a nuisance"</p>
Westphal, Gulati and Shortell, 1997	T and E (hospitals)	SS	This study develops a theoretical framework that integrates institutional and network perspectives on the form and consequences of administrative innovations. Hypotheses are tested using survey and archival data on the implementation of total quality management (TQM) programs and the	<p>Main conclusions:</p> <ol style="list-style-type: none"> <li>1- In comparison to early adopters, later adopters of TQM programs conformed more closely to the normative pattern of quality practices introduced by other adopting hospitals;</li> <li>2- Impact of social network ties on institutionalization: consistent evidence for a contingent network effect in the form and consequences of innovation adoption. In the early stages of the institutionalization process, when institutional forces are limited, social network ties may facilitate a match between technology and organization. At later stages of the institutionalization process, network ties to other adopters facilitate conformity rather than customization of TQM adoption;</li> <li>3- Conformity to normative TQM adoption was negatively associated with organizational efficiency benefits (across three different measures of efficiency) and positively associated with organizational legitimacy benefits from adoption. An institutional framework that incorporates both legitimacy and performance consequences can explain why organizations would adopt practices that no longer yield competitive advantage.</li> </ol>

				consequences for organizational efficiency and legitimacy in a sample of over 2,700 US hospitals	
--	--	--	--	--------------------------------------------------------------------------------------------------	--